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ABSTRACT

This publication's lead article features the United Nations' (UN) 50th anniversary, examining how effective the UN has been since it superceded the League of Nations, how the UN has grown, and how well it has supported peacekeeping operations and humanitarian policies in the world. Other topics for discussion included in this volume are: nuclear proliferation; Russia and its neighbors; The Middle East; global finance; China, Taiwan, Hong Kong and U.S. challenges toward them; an end to open doors in immigration; and promoting democracy. Opinion ballots covering the eight different topics are presented along with the results of 35,003 opinion ballots received by the Foreign Policy Association as of June 30, 1994. An index to Great Decisions topics from 1984 through 1994 is also included. The teacher's guide offers activities and lesson plans, including five handout master sheets, coordinated with the topics presented in the document. (JAG)

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GREAT DECISIONS

1995 FOREIGN POLICY ASSOCIATION | 1995 Edition

United Nations at fifty

Nuclear containment

Russia's lost empire

Mideast peace at last?

Global markets

China, Taiwan & Hong Kong

Immigration: closing doors?

Democracy: America's mission?

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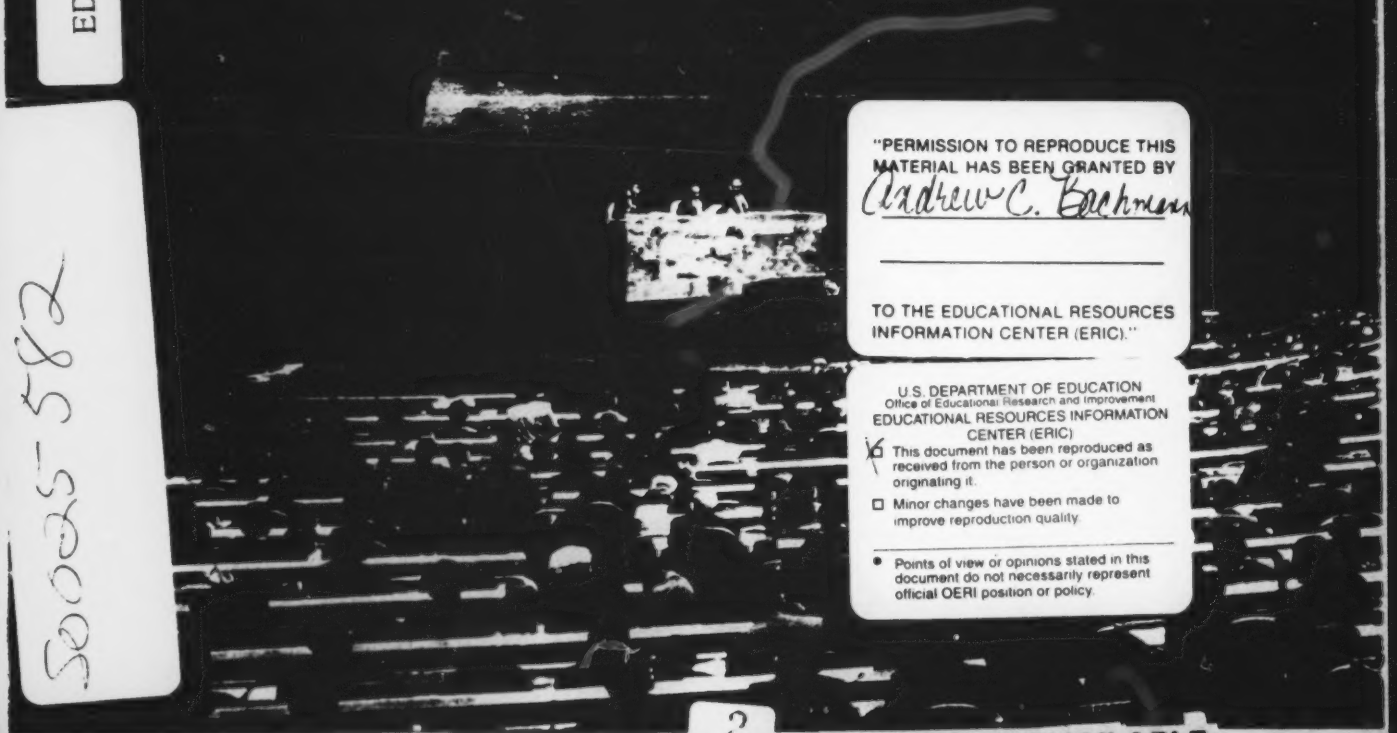

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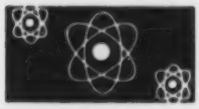

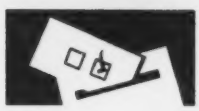

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INTRODUCTION

THE NOVEMBER 1994 elections changed the country's political landscape. For the first time in 40 years Republicans won control of both houses of Congress. How will this affect the country's foreign policy? Will rancorous partisan politics interfere with the nation's willingness or even its ability to exercise the global leadership role thrust upon it by the end of the cold war? The answers will become clearer once the 104th Congress gets under way.

Although the Constitution places very limited powers at the disposal of a President, Presidents and their executive branch advisers have traditionally dominated foreign policy. President Clinton's two Republican predecessors, Ronald Reagan and George Bush, set the foreign policy agenda for the dozen years they were in power even though the Democrats controlled one or usually both houses of Congress.

Despite traditional executive dominance in foreign policy, Congress and the public do play a role. In some instances, where the Congress has assessed the national interest more correctly than the executive, that role has been very influential, according to Paul E. Peterson, a professor of government at Harvard University. Congress refused to appropriate funds for Reagan's strategic defense initiative because it violated the antiballistic missile treaty. Congress also cut defense expenditures in the mid-1980s because the requested budget seemed out of proportion to the international danger.

FPA President John Temple Swing presents the 1994 Opinion Ballot Report to Secretary of State Warren Christopher.

"The need for the executive to defend its foreign policy positions before Congress helps to insure that foreign policy decisions are carefully reasoned," writes Peterson. "To the extent that one branch or another indulges in fanciful myths or ideological thinking, the other branch should—and often does—become a more influential participant."

In this time of transition, the need for informed citizens to make their voices heard by their policymakers in the White House and on Capitol Hill assumes greater importance than ever. By completing the opinion ballots that are bound into this book and mailing them in to the Foreign Policy Association by June 30, you will be able to make your voice heard and your views count. As in past years, FPA will tabulate the ballots and, with the help of a public opinion expert, analyze the results. Copies of the National Opinion Ballot Report will be presented to the President, the national security adviser, the secretaries of State and Defense, Congress and the media.

We welcome you to Great Decisions and your participation in the national foreign policy debate.

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United Nations at 50: reaching out or overreaching?

After five decades, the world organization's vision is expanding, a bit too quickly for some members.

by Raymond Carroll

THIS IS A LANDMARK YEAR for the United Nations. As it reaches the age of 50, it will be a time to celebrate its many accomplishments. Of greater importance, it will also be a time for a hard look at the organization's current condition, its future prospects and its secretary-general's troubled relations with its most powerful member, the U.S. Half a century, after all, is almost twice the life span of the organization on which the UN is modeled, the League of Nations, which was discredited in the 1930s by its weakness in the face of Japanese, Italian and German aggression, and then destroyed by the advent of World War II.

With all its much-publicized flaws and occasional stumbles, the UN has accomplished much. Though hobbled by the diplomatic gridlock created by the cold war, the UN helped mitigate the ideological conflict that threatened the world with nuclear incineration. As the old colonial empires disintegrated, it eased the birth of scores of newly independent countries.

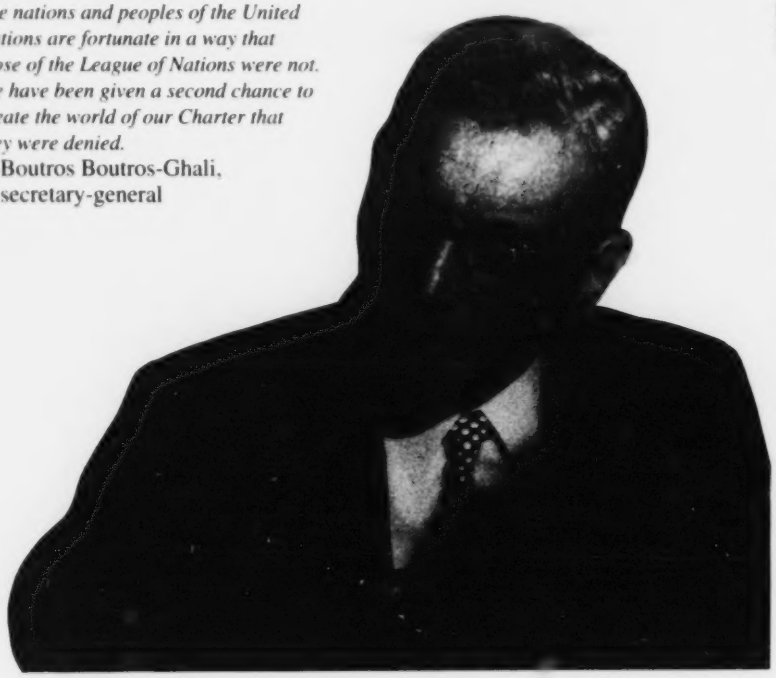
The UN won four Nobel Peace prizes for the work carried out by its blue-helmeted peacekeepers, by the UN Children's Fund (Unicef) and the UN Office of High Commissioner for Refugees (Unhcr). Projects led by the World Health Organization (WHO), a UN agency, wiped out smallpox and are soon expected to complete the job of eradicating river blindness, the scourge of West Africa.

Since the late 1980s, the UN has been coming to grips with the immense new challenges—a second chance—created by the crumbling of the Soviet empire and the end of the cold war. With Americans and Russians no longer at each other's throats, the Security Council—the primary locus of power at the organization—finally was freed to function unhampered by the constant threat of the veto. The Security Council for the first time could forge the kind of consensus among the five permanent members (China, Britain, France, Russia, U.S.) required to make strong decisions and employ significant military power.

To the more optimistic, it seemed for a time as though a "new world order" might be emerging. Though the phrase was never precisely defined, presumably it meant the world of law, economic and social development, and respect for human rights that the founders of the UN had hoped for. But it soon became clear that the world, if anything, had grown more anarchic, the problems facing the UN and its members more numerous. Instead of conflicts between states, the world now found itself beset by ethnic rivalries, civil wars and humanitarian calamities raging inside the boundaries of recognized states. "The UN was set up in 1945 primarily to deal with threats to the peace, acts of aggression, and disputes and conflicts between states," says former UN Undersecretary General Brian Urquhart. "It is now increasingly perceived by the press and the public to be, or to have the potential of being, the world's police force and humanitarian rescue service."

Without question, demands on the UN for policing or humanitarian aid, not to mention economic and social services, have grown enormously. More peace operations were launched in the early years of this decade than in the entire 40 years of the cold war. By mid-1994, some 70,000 blue helmets from 70 countries

The nations and peoples of the United Nations are fortunate in a way that those of the League of Nations were not. We have been given a second chance to create the world of our Charter that they were denied.
—Boutros Boutros-Ghali, secretary-general



RAYMOND CARROLL *is a former* Newsweek *editor, author of* The Future of the UN *(New York, Franklin Watts, 1985) and freelance writer.*

were on missions around the world—seven times more than six years earlier. The cost of these peace operations is an estimated $3.2 billion a year, and the UN finds it harder and harder to get members to pay their assessed shares of the bill. In recent years, the biggest debtor has been the U.S. In August 1994, after the U.S. had run up a bill of $748 million for peacekeeping operations and an additional $531 million for the regular budget, Congress finally authorized a payment of $1.2 billion. "It is a miracle, in many ways," writes the foreign minister of Australia, Gareth Evans, in his book *Cooperating for Peace*, "that the UN has done as well as it has in responding to the peace and security challenges unceasingly hurled at it since the end of the cold war."

Not everyone is as generous as Evans. The organization is perceived by many in the media and general public as weak and floundering. Where, some wonder, is the new world order once so hopefully envisioned? As the secretary-general, a veteran diplomat with few illusions, has pointed out: "The passing of an old order does not of itself create a new order."

Boutros-Ghali's vision

In whatever "order" does emerge in the years ahead, the UN—Boutros-Ghali is convinced—must play a leading role. The organization, as he is well aware, has enormous built-in weaknesses. It is not a sovereign state with its own tax system and military arm. It has 184 members and it cannot make important decisions without the agreement of the most powerful among them, particularly the five permanent veto-holding members of the Security Council. But the secretary-general, who took over his post in January 1992, is determined to make the UN into "the instrument for dealing with all the world's post-cold-war problems, the problems of ethnic conflict, of the environment, of poverty and development."

This willingness to take on greater responsibility and authority for the organization was reflected in two reports by Boutros-Ghali: *An Agenda for Peace* (1992) and *An Agenda for Development* (1994). Both were applauded for their activism by many members of the organization, but the more powerful countries, and some smaller ones as well, wary of any drift toward supranationalism, regarded the secretary-general's policy papers with varying degrees of suspicion and distaste.

EDUCATING WOMEN *is a development priority. An evening adult education class in southern Sudan, using Unicef workbooks.*

The first was done at the request of the heads of the 15 countries represented on the Security Council in January 1992. They asked the new secretary-general to recommend ways to strengthen the UN's capacity for maintaining peace and security in the post-cold-war era. In June of that year, he produced *An Agenda for Peace*, in which he outlined an ambitious plan to expand the organization's ability to deal with the new varieties of threats to peace and proposed a more energetic use of preventive diplomacy. Boutros-Ghali also implied that traditional concepts of national sovereignty need not necessarily stand in the way of intervention by UN troops within a country's borders, with or without the consent of the local parties. Though Boutros-Ghali did state that respect for the fundamental sovereignty of states remains crucial to international order, he added: "The time of absolute and exclusive sovereignty…has passed."

Since a commonly held view of sovereignty is that events within a given country are no business of the outside world, the secretary-general's statement disturbed many members. If any country's sovereignty could be infringed on by the Security Council, who might not be a candidate for intervention some day?

The proposals that attracted the most attention concerned the use of military force. At present, whenever the Security Council requires armed might to carry out its decisions, the force must be scraped together, often with considerable delay. To strengthen the UN's hand, the report called on member states to place sizable units of their armed forces on a permanent "standby" basis, meaning they would remain under national control, for the Security Council's use when deemed necessary. In addition, Boutros-Ghali proposed the creation of smaller "peace-enforcement units" composed of highly trained volunteer units from the forces of member states, to be made available on call to the Security Council for dangerous assignments.

Since its appearance, the report has generated much discussion but little practical response. The more powerful members, including the U.S., have argued that the organization is already overextended and should not be given new responsibilities or power.

In Washington, the attitude toward the UN has turned especially sour. The Clinton Administration, initially an ardent supporter of multilateralism and UN peace operations, has undergone a change of heart. An ill-conceived action in Somalia, in which 18 American soldiers lost their lives, led to a backlash against UN peace operations in public opinion and in Congress. The White House issued new policy guidelines that not only set strict conditions for U.S. participation in peace operations but for supporting *any* new UN peace missions.

Human development

If Boutros-Ghali had lost support among the great powers for his views on peace operations, he did not let it temper his energetic approach to a second major concern of the organization, development.

In *An Agenda for Development*, issued in May 1994, Boutros-Ghali talked of "the new vision of development that is emerging." This vision stresses "human development"—social, cultural and political, as well as economic. The secretary-general did not disparage "macroeconomic" development but he emphasized that programs must also do more to improve the lives of individuals directly, through the creation of jobs, through attention to human rights, the status of women and democratic processes, and through greater attention to the environment.

Noting that some critics faulted the UN for placing greater emphasis on peace and security than on development,

Boutros-Ghali said these fears were not justified. In an interview with British TV show host David Frost, he stated that only 20% of the activities of the UN concerned peace, while "80% are dealing with economic cooperation, cultural cooperation, problem[s] of human rights, democratization."

Still, in *An Agenda for Development*, Boutros-Ghali insisted that member countries must pay even more attention to global development and—though "donor fatigue" might be understandable—they must increase aid and find ways to ease the debt-burden that cripples so many low-income countries. Without "a deeper moral commitment" to global development by members, he warned, "a half century of considerable progress could be undermined."

The secretary-general clearly believes in a UN that would make the most of its second chance by taking on a larger role. For this to happen, the major powers, and especially the U.S., would have to agree to give the UN much greater political and financial backing than at present. But, in fact, they have become less than stalwart in their support.

Should the U.S. be more supportive of the UN? Does the UN need more power or less? Is the UN under Boutros-Ghali trying to do too much? Just what is it that the U.S. wants the UN to do about maintaining peace and improving the lot of the human race? ■

Learning to say no

ONE AFTERNOON in 1993, Secretary General Boutros-Ghali briefed the members of the Security Council on the more than 20 trouble spots in the world where the UN was involved either as a mediator or peacekeeper. When he finished, the Spanish representative wondered aloud whether the organization might not be taking on too many tasks. Boutros-Ghali replied that the UN could not turn away any country, no matter how insignificant, that requested its assistance. "We would," he said, "be accused of discrimination and double-dealing."

This exchange spoke volumes about one of the major problems afflicting the UN. The demand for the organization's services in the realm of peace and security has grown at an amazing pace. At the same time, the UN is on the brink of bankruptcy, remains dependent on reluctant members for money, manpower and matériel, and sometimes seems unable to cope with its growing responsibilities. Kofi Annan, the Ghanian diplomat who heads the UN's peace operations, stated bluntly last March: "Frankly, if the response of governments remains the way it is today, we couldn't get another operation off the ground."

Annan's job clearly had become exasperating. During most of the UN's history, small numbers of lightly armed peacekeeping troops typically were positioned between hostile forces to help maintain cease-fires and prevent new outbreaks of violence. When this modest—and rare—type of operation succeeded, as it has in the Golan Heights, the Sinai and along the Indo-Pakistani frontier in Kashmir, it was because both sides wanted the UN forces to be there, wanted the shooting to halt and were in command of disciplined military forces. The parties to the conflict were recognized countries, members of the UN, who respected the missions of the men in the blue helmets, soldiers who used their weapons only in self-defense.

Only in exceptional cases like the Korean War (1950–53) and the former Belgian Congo turmoil (1960–64) did troops actually do battle under the UN flag. In 1990, the Security Council again sanctioned force, placing its stamp of legitimacy on Operation Desert Storm, the remarkable 28-member military coalition led by the U.S. that punished Iraq for its seizure of Kuwait.

But reckless, Iraqi-style aggression by one state against another across recognized borders is not likely to become a common occurrence. These days, most serious conflicts have been taking place, and probably will continue to take place, *within* and not *between* recognized nations. They are likely to be partly ethnic, religious or secessionist in nature, or they may be factional disputes among purely domestic political rivals—the kind of civil strife that can produce great distress, including mass starvation, and the shocking television footage that moves people to demand action. Since action usually involves armed force, and since most individual countries or regional groups are unwilling or unable to take on such assignments, nations routinely turn to the UN.

Retreat from multilateralism

For a time, the Security Council, emboldened by its post-cold-war ability to reach consensus, voted for resolution after resolution committing the UN to undertake military missions of a wide variety in Asia, Central America, Africa and Eastern Europe. Then harsh realities began to intrude. In some internal struggles, governments were not in control, sometimes barely in existence. Combatants, imbued with communal or nationalistic passions, were often uncontrollable. UN troops were not always welcome. A humanitarian operation in Bosnia became bogged down in the midst of an intractable civil conflict. Stung by the loss of American lives in Somalia, the Clinton Administration retreated from support of "assertive multilateralism" to skepticism about most UN peace operations. Other major countries followed the American lead. Money and men for peace missions became scarcer.

The increasing demands were indeed part of the problem. But another part was the understandable inclination of Boutros-Ghali himself and his chief advisers to expand the UN's peacekeeping horizons beyond the mere policing of cease-fires. In this, the five permanent members of the Security Council consistently acquiesced. (It must be noted that the U.S., during the Bush and early Clinton Administrations, backed all the Security Council resolutions—and initiated some—that expanded the scope of the UN's peace operations.)

Peacekeeping victories

Some of these ground-breaking, "second generation" peacekeeping missions were extremely successful. The first was the deployment of about 6,000 troops and civilian experts in Namibia in 1989. With the sometimes reluctant cooperation of the South African government, the UN force not only provided security but organized and supervised elections that guided the South-West African land peaceably from trusteeship to independence.

An even more ambitious operation was launched in 1992 in Cambodia, where years of Khmer Rouge terror, followed by Vietnamese occupation and

civil war, had all but destroyed the country. Carried out by 22,000 military and civilian personnel, this mission repatriated hundreds of thousands of refugees, enforced at least a partial truce among the rival armies, supervised an interim government, protected human rights, and conducted a national election. It tried to place Cambodia on the road to democratic, constitutional government.

In other, less-comprehensive but complex operations, UN forces monitored a cease-fire, separation of forces and an election in Nicaragua; helped the Organization of American States conclude a peace accord, then monitored human rights, an election, the purge of rights-abusers from the military and the distribution of land to demobilized soldiers in El Salvador; monitored the withdrawal of Cuban troops, a cease-fire and election in Angola, the results of which the loser rejected before resuming war against the government.

As of late 1994, a number of other second-generation peacekeeping operations, most of them conducted by small numbers of troops, were also under way in Georgia, Liberia, the Western Sahara and Mozambique. In addition, a unique experiment in "preventive deployment" is being conducted in the Former Yugoslav Republic of Macedonia. The government feared that its territory might be violated and asked that UN troops be sent to secure the borders. In an unprecedented step, the Security Council sent 1,050 military observers and civilian police to the Balkan state, where they remained at the end of 1994, a successful deterrent to aggression.

Besides preventive deployment, Boutros-Ghali proposed in *An Agenda for Peace* a greater use of preventive diplomacy, including more aggressive fact-finding about potential trouble spots, the setting up of demilitarized zones and earlier efforts at resolving disputes before they evolve into outright conflicts. Moreover, he endorsed the expansion of the Security Council's capacity to authorize force, even in situations traditionally regarded as solely within the province of national governments.

This latter point, the expanded use of enforcement, has become the most controversial aspect of recent UN peace missions. In the 45 years prior to 1990, only two UN operations—Korea and the Congo—were authorized to use force for any purpose other than self-defense. Since 1990, the UN has approved four more: in Iraq/Kuwait, in Somalia, in Bosnia and in Haiti.

The Iraq precedent

Some UN-watchers believe the Persian Gulf war triggered by Iraq's occupation of Kuwait was a "defining event" for the organization. It began as no more than collective resistance to a classic example of aggression—a breach of international peace considered in the UN Charter as warranting the use of such military force "as may be necessary." Few countries opposed that. It was only *after* the defeat of Iraq and *after* its terms of surrender were concluded that controversy arose as the Security Council considered Resolution 688.

The resolution stated that Iraq's repression of its Kurdish minority threatened "international peace and security" in the area; it demanded an end to the repression and insisted that Iraq "allow international humanitarian organizations immediate access to those needing assistance"; and it called on member states to "contribute" to those humanitarian efforts. Countries opposed to the measure argued that Iraq's Kurdish problem was strictly a domestic affair, did not threaten international peace and therefore was no business of the UN. The resolution, said the Yemeni ambassador, "sets a dangerous precedent."

Backers of the resolution, led by the U.S., Britain, France and the then Soviet Union, argued that the flow of Kurdish refugees across the Turkish and Iranian borders in itself constituted a threat to international peace. A second argument, advanced chiefly by Britain and France, was more radical in its implications. As the French representative put it, Iraq's violation of its citizens' human rights amounted to "a crime against humanity" and therefore was of international concern, whether or not it was a threat to the peace. After the passage of Resolution 688 (10 in favor, 3 against, 2 abstentions), the victors of Operation Desert Storm interpreted its call for member states to "contribute" to humanitarian assistance as legal justification for establishing a protected zone for Kurds in northern Iraq and for imposing a "no-fly" zone barring Iraqi flights over Shiite areas in southern Iraq.

The debate over Resolution 688 raised important questions: Is there a new right of humanitarian intervention that applies even in the absence of a credible threat to the peace and without consent of the parties to a conflict? Would the Security Council now have a precedent for further expansion of its authority?

In the case of Bosnia-Herzegovina, the Security Council originally sent the blue helmets on traditional cease-fire duties. Later, they were authorized to protect relief supplies, and establish safe zones for civilians and deter attacks against them. For these purely humanitarian purposes, they were permitted to use force, which some members believed was contrary to the UN Charter.

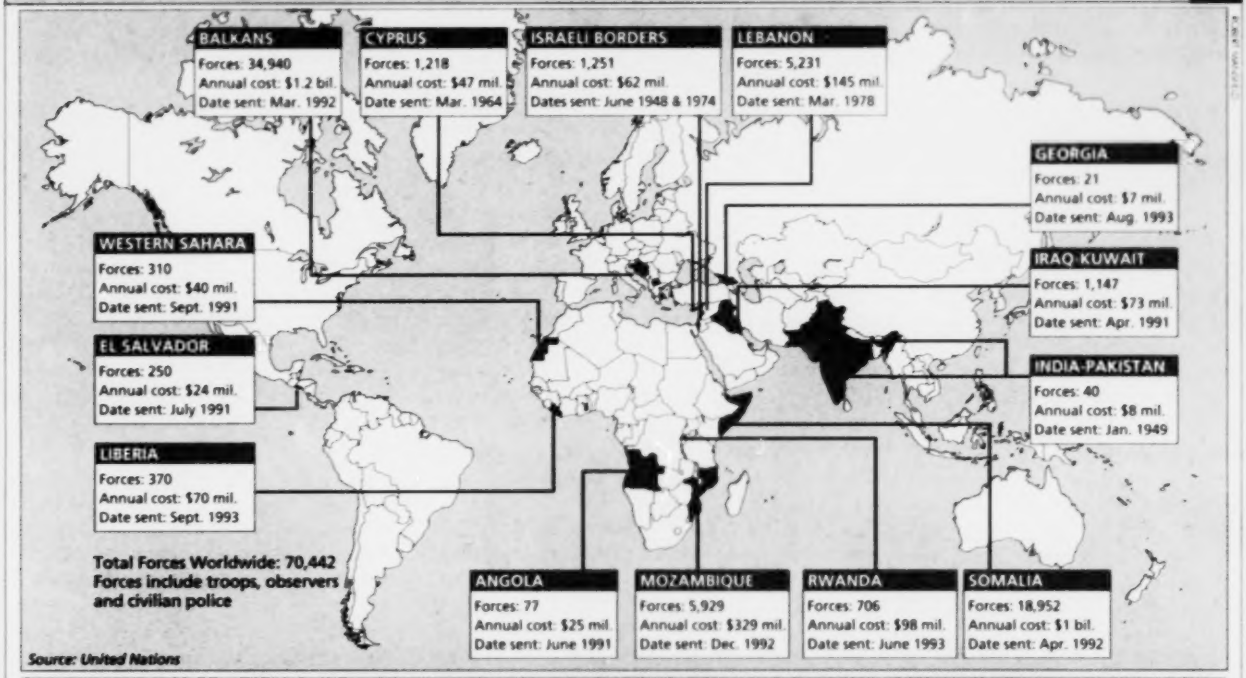
Somalia is a clearer example of military intervention for humanitarian purposes. There the inspiration for UN action was, from the beginning, completely humanitarian: to deal with a disastrous famine brought on by internecine warfare. When local warlords disrupted the UN aid mission, the Security Council authorized intervention by a heavily armed American-led coalition. No national government was then in place in Somalia to give consent or deny it. No credible threat to international peace existed; the Security Council, however, cited such a "threat" to legitimize its forcible intrusion.

In its early stages, the operation saved many from starvation, but conflicts between the U.S. and the UN over policy and tactics, a decision to use force against one of the warlords, and subsequent loss of life among UN troops led to widespread criticism of the operation and the world body itself. So disenchanted with humanitarian peacekeeping did the U.S. and other countries become that when hundreds of thousands of minority Tutsis were being massacred in Rwanda in the spring and summer of 1994, Boutros-Ghali was unable to win commitments of either manpower or money to stop the carnage.

Haiti: restoring democracy

In August 1994, the Security Council—citing human-rights violations by the ruling junta in Haiti—authorized members (i.e., the U.S.) to use "all necessary means" to restore democratic government. Once again the Security Council, under prodding this time from the U.S., had authorized a military operation and, said *The New York Times*, "recklessly stretched the boundaries of what constitutes a threat to international peace and security."

To some supporters of the UN, the expansion of the Security Council's power is a welcome development. Former U.S.



Where UN Forces Keep the Peace
(as of May 31, 1994)

Ambassador Max M. Kampelman, for example, believes there is a "shifting dividing line" between those internal affairs that should be protected against intervention and the responsibility of the "international community" to intervene in defense of peace or important human values. But who determines where that dividing line is in specific cases? "It is evident," says Kampelman, "that it is the UN Security Council, which, by its decisions, places the legal imprimatur between what is justifiable and unjustifiable international intervention."

Boutros-Ghali agrees with this view. When asked what "allows" the UN to intervene in essentially national matters, he replied: "It is a political decision, because the Security Council is a political body. They will decide when they will enter and when they prefer to avoid to intervene."

Not every friend of the UN is comfortable with the Security Council's widening reach. Australian Foreign Minister Evans believes that humanitarian-motivated peace enforcement might sometimes be justified, but he suggests that the Security Council learn to ignore popular pressure and weigh the consequences of its decisions more carefully in the future. Observing that the UN is operating in a "no-man's land" in terms of international law, former U.S. Ambassador to the UN Donald McHenry has asked whether the UN may not be in danger of getting too far ahead of its members. His answer: "Yes, it is in danger."

Most discouraging of all for Boutros-Ghali has been the criticism of prominent leaders like President Bill Clinton, who lectured the UN on the need for restraint, and British Foreign Secretary Douglas Hurd, who argued that crises in Bosnia, Somalia and elsewhere might be "tragedies" but were not threats to international peace.

In a closed-door meeting with the secretary-general in December 1993, the foreign ministers of the five permanent members of the Security Council made it clear that the UN would have to contain its appetite for peace operations. They pledged to strengthen the organization's "capabilities" but stated that "new commitments" should be made with the greatest caution.

Boutros-Ghali has remarked that "the international community is now in retreat." Asked what he would do about it, the secretary-general shrugged: "I must accept reality. I also must continue to give you my view."

The human element

The term "development," in today's UN lexicon, is a many-sided thing. Instead of concentrating on the trickle-down benefits of economic growth, the gurus of development at the UN have set their sights on human development. The goal is to improve as rapidly as possible the quality of life for millions of people around the world while at the same time preserving the earth's environment. "It is," says James Gustave Speth, administrator of the UN Development Program, "development that is pro-people, pro-nature, pro-jobs and pro-women."

From the start, the UN's concern for economic and social issues was overshadowed by its activities in pursuit of peace and security. In the organization's early days, UN multilateral economic assistance programs were initiated and financed by wealthier members (such as the U.S.) to benefit newly independent countries, chiefly in Africa and Asia.

As the cold war intensified and the U.S. and the Soviet Union contended for global influence, the two sides poured vast sums into development-finance and technical assistance for countries of the Third World. These country-to-country programs were often interwoven with military aid and political strings. With the end of the cold war, says Boutros-Ghali, "the poorest countries no longer hold the same interest for the rich...."

Over the years, the UN has been handicapped in its efforts to help the

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"have-nots." Donors preferred to funnel aid abroad through bilateral agreements or the World Bank, where voting strength depended on the financial contributions of the members ("one dollar, one vote" as against "one country, one vote" in the UN proper).

Despite this poor-relation status, the UN has had its share of success in the field of development. Unicef has worked tirelessly to improve the education and nutrition of children and saved countless lives through its immunization campaigns against childhood diseases; Unhcr, in collaboration with other UN agencies and private relief organizations, has led the international effort to alleviate the misery of millions of people uprooted by ethnic tensions, civil conflict, human-rights violations, drought and famine; the UN Population Fund (Unfpa) has promoted family planning around the world and provided advisers and funds to help national population programs; the UN Development Program (UNDP), the world organization's largest provider of development grants, concentrated in the past on helping countries improve their overall economies, but it now has broadened its scope to fund projects aimed at alleviating poverty, improving social programs and judicial systems, and protecting the environment.

Unfinished business

These achievements, along with those of other UN agencies, individual governments and private organizations in the field of international development, have done much to bring about the global rise in income and life span, the decline in infant mortality and the vastly improved levels of education, nutrition and sanitation that have occurred in the past 50 years. Nevertheless, poverty, unemployment, environmental outrages and social ills of all kinds still exist almost everywhere.

The statistics of deprivation and distress are chilling: despite technological advances and an incredible amount of material abundance, the UN estimates that a fifth of the developing world's population goes to bed hungry every night, a quarter lacks access to basic necessities such as safe drinking water and a third lives in abject poverty.

The persistence of such widespread economic distress, and the growth of global awareness in recent years of issues such as the environment, overpopulation, and the status of women and children, have combined to create a strong demand for the UN to expend more of its efforts on human development. In response, Boutros-Ghali wrote *An Agenda for Development*, a complicated document, written less for the general public than for Secretariat officials and the diplomatic corps. It offers some provocative thoughts:

VICE PRESIDENT AL GORE, *leader of the U.S. delegation, addresses the population conference in Cairo. The U.S., the largest donor, pledged to devote $595 million to population programs in fiscal year 1995.*

- Without proper national policies, including market economies, social safety nets, judicious regulatory direction and attention to the environment, no amount of aid will lead to sustained growth. "The state gives an impetus to growth; but it is the economy that needs to grow, not the state itself."
- To encourage progress in the developing nations, ways must be found to ease the debt-burden of low-income countries, lower trade barriers to their products and encourage the flow of capital and technology into their economies. Only changes in the policies of the major economic powers can bring about the necessary improvements.
- Human development is a requisite for stable progress. "A population that is illiterate and uneducated cannot hope to compete.... A society where women are discriminated against or lack equal opportunities cannot reach its full human potential."
- Democracy is a fundamental human right. Moreover, by giving competing ethnic, religious and cultural interests a voice in civil affairs, it minimizes violent conflict and thereby creates the most fertile and reliable political soil for development.

Sensitive to charges that the UN slights development activities, Boutros-Ghali points to its recent global treaties and conferences. One example is the UN Convention on the Law of the Sea. After many years of difficult negotiations, chiefly dealing with American objections, it finally took effect in November 1994. It deals with many international aspects of the use of the sea and its resources and is expected to have an enormous impact on global economic and environmental conditions. Moreover, the secretary-general notes the great international conferences the UN has sponsored.

The first of these blockbusters, the **UN Conference on Environment and Development (Unced),** deserves particular attention. Held in Rio de Janeiro, Brazil, in June 1992, it attracted more than 100 heads of state and government and legions of officials from over 170 countries.

Given the sharp differences of opinion, and the problems involved in encouraging development and at the same time protecting the environment, it was surprising that any agreement was reached. Yet, over 150 countries approved two binding conventions, one on climate change (requiring signatories to reduce emissions of gases believed to contribute to global warming) and the other on biological diversity (prescribing steps for the protection and use of the world's plant and ani-

mal species). President Bush signed the climate convention but refused to sign the diversity convention, objecting to its financial arrangements and the lack of protection for intellectual property. (It was later signed by President Clinton's ambassador to the UN.)

In addition, the conferees signed a "Rio Declaration" pledging allegiance to environmental principles and a document designed to conserve the world's forests, both of which were nonbinding and widely regarded as too tame to be useful. Perhaps more effective was Agenda 21, a 500-page blueprint listing over 2,500 targets—ranging from the management of radioactive waste to the alleviation of poverty—for action on a local, national and global level. Cautiously satisfied, conference chairman Maurice F. Strong said "Rio was not just an event but the launch of a long-term process."

NGOs: partners in development

A notable aspect of the Rio Earth Summit was the extraordinary role played by nongovernmental organizations (NGOs). About 1,800 from all parts of the world were accredited by the UN as observers and were allowed to address the negotiating committee or make written submissions at the chairman's discretion. Thousands more had no official standing but held their own hearings, buttonholed the conferees and generated media attention. Agenda 21, in fact, recognized the NGOs as "important partners" in the pursuit of development.

The **World Conference on Human Rights,** held in Vienna, Austria, in June 1993, was as contentious as the Rio Earth Summit. But, a Vienna Declaration and Program of Action was agreed upon, satisfying the West by committing all states, regardless of their cultural differences, to protect basic human rights, and pleasing the less affluent countries by reaffirming the "right to development."

As in Rio, the NGOs in Vienna were numerous and vocal. They also turned out in force at the **International Conference on Population and Development** held in Cairo, Egypt, in September 1994; there they exerted considerable influence on the debates and the final "program of action." Two more important conferences are planned for the 50th anniversary of the UN: the **World Summit for Social Development** to be held in Copenhagen, Denmark, and the fourth in the series of world conferences on women in Beijing, China.

What impact does all this conferring and advocacy have on UN policy and UN action? Even more important, what impact does it have on the governments and people of the member countries?

At the very least, the cycle of conferences raises awareness about the problems of development and may even raise universal standards of conduct. To demonstrate his own commitment, Boutros-Ghali has shaken up the UN bureaucracy by appointing officials dedicated to activism under the banner of "human development." He is seeking ways to strengthen the UN Economic and Social Council (Ecosoc) to bring coherence to the array of UN agencies dealing with development. And though well aware of donor fatigue, the secretary-general has frequently reproached the wealthier countries of the world for falling short in their assistance.

In the end, the course of development—improving the quality of life for all people—will depend in large part on the actions of governments, national and local. It will also depend on the pressures that community groups and NGOs can bring to bear on their governments. In the past few years, says Maurice Strong, there has been a "virtual explosion of activities and initiatives on the part of grass-roots organizations" working for causes related to global development. For activists like Strong, that is good news. But for governments, especially those of the more affluent countries, many other issues still command far more attention and translate more readily into votes than helping people in distant places. ■

A new role for America?

IN HIS FIRST ADDRESS to the UN General Assembly, in September 1993, President Clinton complained about the proliferation of UN peace operations. "The UN simply cannot become engaged in every one of the world's conflicts," he said. "If the American people are to say yes to UN peacekeeping, the UN must know when to say no."

Clinton's words were meant, in part, to fend off congressional critics of his Administration's support for UN peace operations and to reassure Americans that U.S. troops—then taking part in an increasingly dangerous mission in Somalia—were not going to become global policemen. They also were meant to caution Secretary General Boutros-Ghali and the world at large that the UN Security Council must start being more selective in responding to the growing number of calls for UN intervention.

Boutros-Ghali was not happy with the President's remarks. As a permanent member of the Security Council, the U.S. can veto any resolution, and it had said yes to every one of the 17 peace operations then in the field. Now President Clinton appeared to be changing his tune. "Staying power is crucial," the secretary-general commented. The forces of chaos would prevail if they "conclude that the UN is short of breath."

This open dispute between Boutros-Ghali and the President came as a surprise to some UN-watchers. Over the years, the U.S.-UN relationship had known its share of ups and downs. But since the end of the cold war, it had been on the up side. As a campaigner for the presidency, Clinton promised support for collective action and even endorsed the establishment of a small, permanent UN rapid deployment force for "standing guard at the borders of countries threatened by aggression, preventing mass violence against civilian populations, providing humanitarian relief and combating terrorism."

In the early days of Clinton's presidency, these sentiments were echoed by his secretary of state, Warren Christopher, and his ambassador to the UN, Madeleine K. Albright. Only a few months before his speech to the UN, Clinton had praised its mission in Somalia and the Security Council for giving it orders to hunt down warlord Mohammed Farah Aidid for the killing of 23 Pakistani peacekeepers in an ambush. "We're striking a blow against lawlessness and killing," the President had told a radio audience, "and we're advancing the world's commitment to justice and security."

What caused the change in the

Administration's attitude toward the UN over the summer of 1993?

For one thing, it became clear that the American people were in no mood for an interventionist foreign policy. They wanted no part of Bosnia; that was a European problem. Appalled by the starvation in Somalia, they had supported President Bush's action in sending U.S. troops to aid in the humanitarian effort. The killing of the Pakistanis in June was distressing. But in August, four U.S. soldiers were killed. Although Ambassador Albright declared "we must persevere," the American public wanted out.

So did many members of Congress. Sen. Robert C. Byrd (D-W. Va.) and Senate Minority Leader Bob Dole (R-Kan.) called for the withdrawal of the American troops remaining in Somalia. Both the House and Senate passed nonbinding resolutions with deadlines for a troop pullout.

Congressional belligerence combined with public anxiety to send a message to the White House: support for unpopular peace operations could have unfortunate political consequences. The message was not ignored. In telling the UN that it must learn to say no, President Clinton was telling all concerned that his Administration also planned to follow that advice.

A disastrous clash between U.S. Army Rangers and the followers of General Aidid in the Somalian capital of Mogadishu October 3–4, 1993, added even greater strain to Washington's ties with the UN. Televised pictures of a helicopter pilot's corpse being dragged through the streets caused many Americans to ask: Why are we involved in a country that is of no vital interest to the U.S.?

In a TV address, Mr. Clinton was cautious. He rejected calls for an immediate withdrawal but promised to have almost all U.S. troops out within six months. To prepare the way for withdrawal "on our terms," the President ordered over 5,000 new troops to Somalia. But he emphasized that they would be under American command and that their mission would be defined by the U.S. and not the UN.

The President seemed to be blaming the UN for the military action that cost American lives. Moreover, he did not acknowledge that it was launched purely on American orders by U.S. special forces who were not under UN command. In a tense meeting with Ambassador Albright, Boutros-Ghali made known his displeasure with the thrust of Mr. Clinton's statement and reemphasized his belief that a pullout of U.S. troops would destroy the Somalia peace operation. A few days later, he was still angry. "If it helps the Americans solve theirs [problems] by blaming me, I'll be their scapegoat," he told an interviewer. "Let us be very practical. I need the U.S."

The Haiti operation

As the situation in Somalia turned uglier, it became clear to the White House that rethinking its participation in UN peace operations was in order. Events in Haiti made that doubly plain. A plan worked out between the U.S. and the UN would have returned the ousted, democratically elected Jean-Bertrand Aristide to the presidency of that country. But the operation failed miserably. The U.S. cargo ship *Harlan County*, carrying the American and Canadian advance guard of an international force, was confronted at the dockside by a gang of armed demonstrators loyal to the military junta who screamed, "We are going to turn this into another Somalia." Rather than risk new bloodshed, the Clinton Administration ordered the ship back to its U.S. port; this effectively derailed the UN mission, to the delight of Pentagon officials who opposed sending American troops to Haiti to restore Aristide to power.

All through the winter of 1993–94 and into the spring, discussions went on among Clinton's top policy advisers and congressional leaders. With each passing month, the policy guidelines that began to emerge stressed the limitations rather than the virtues of UN peace operations. In May 1994, the Clinton policy on peacekeeping was finally unveiled by Anthony Lake, the President's national security adviser. The new guidelines did not reject peacekeeping but proposed to use it "selectively and more effectively than has been done in the past."

How will the U.S. choose when to become involved? Or when to support any peace operation at all?

Generally speaking, said Lake, the Clinton policy will be to seek "collective rather than unilateral solutions to regional and intrastate conflicts that don't touch our core national interests." Specifically, *before the U.S. approves any new UN peacekeeping operations*, the following questions will be considered:

- Is there a real threat to international peace and security?
- Do the parties to the conflict consent to the UN presence?
- Will the necessary money and troops be available?
- Is the Security Council's mandate appropriate for the mission?
- Will the troops be allowed to use force? Is there a realistic strategy for ending the mission?

If the U.S. is to participate in the mission, additional questions will be considered:

- Does the mission advance American interests?
- Does the mission's success depend on U.S. participation?
- Is there a clear way of ending the U.S. role?
- Are the command and control arrangements acceptable?
- Will Congress support the mission?

Not all of these questions need be answered in the affirmative in any given situation. Still, all are to be considered. Moreover, the new policy states that the U.S. will not support the creation of a permanent UN military force of any sort or contribute troops to such a force. It also says American troops may be placed under the "operational control" of foreign commanders *but* that those troops would still remain within the overall U.S. chain of command.

Rwanda crisis

The first clear-cut application of the new Clinton policy came in mid-May 1994, when the Security Council discussed sending a peace mission of 5,500 to bolster the handful of UN troops in Rwanda. The U.S. not only ruled out the use of American troops but argued that such a force would be a useless "paper tiger" in that chaotic land. At U.S. insistence, it was cut back to 1,000. It would have been a mistake to authorize a larger force without adequate preparation, a clear idea of the mission and the consent of the parties, Ambassador Albright later explained. The new Clinton policy, she added, was not to make UN peacekeeping impossible but successful by "recognizing current limitations...by imposing discipline even when discipline is hardest to maintain."

The U.S. eventually agreed to the dispatch of 5,500 troops to Rwanda if African states supplied them, and it did provide substantial humanitarian aid for Rwanda's refugees. But the reluctance of the Clinton Administration, and probably

UN PHOTO BY ROSS MARINO

MADELEINE K. ALBRIGHT, *the U.S. delegate to the UN, is a Cabinet member and a strong Administration voice in foreign policy.*

a majority of Americans, to support a UN mission to a distant, strategically unimportant country was a far cry from the sizable humanitarian military effort launched in response to Somalia's agony a few years earlier. However, where vital U.S. interests were perceived to be at stake, as in Haiti, the Administration turned to the Security Council to seek legitimization for a possible invasion, presumably on behalf of democracy and human rights.

For the most part, however, the backlash against UN peace operations remained in full swing in the U.S. In Congress, Senator Dole and others on both sides of the aisle, often speaking in terms reminiscent of the isolationism of the 1920s, continued to seek ways of gaining a veto over U.S. participation in UN peace missions. In a May 1994 article in *The Washington Post,* Chester A. Crocker, assistant secretary of state for African affairs during the Reagan Administration, attacked the irresponsibility of much UN-bashing. "We need forcefully to remind ourselves, our media and our public opinion," he wrote, "that the UN Security Council is a mirror of the actions, inactions, fudges and fantasies of its leading members, who can veto anything they do not like."

In July 1994, Ambassador Albright told the National Press Club in Washington that the Clinton Administration hoped to "reinvigorate, reinvent and reform the UN system" and "articulate goals during the UN's 50th year that will guide it during the next 50." But will the Administration be able to demonstrate that its commitment to a mutually beneficial relationship with the UN is strong, steadfast and more resistant to temporary political pressures than it has been? If Ambassador Albright is right about the Administration's plans, 1995 should tell the U.S. a good deal about that commitment and the status of the country's ties with the UN.

The 50th anniversary year might also be a good time for Americans to review their own thoughts on some critical questions: What do they want the UN to make of its historic second chance? Do they want a stronger UN, with a military arm to enforce its decisions? Which U.S. national interests are important enough to justify committing forces to foreign peacekeeping? Can the U.S. bring about the necessary changes in the UN that will enable it to chart a course that—in presidential candidate Clinton's words—"builds on freedom's victory in the cold war"?

U.S. policy options

1. As leader of one of the UN's founding nations, President Clinton should issue a proclamation reaffirming America's support for the organization.

Pro: It would help to bolster American public support for the UN, improve U.S.-UN relations and generate international cooperation with the work of the organization.

Con: It would be an empty gesture, an attempt to gain favor without providing the substantial aid the UN needs.

2. The U.S. should encourage UN efforts to form its own military arm by recruiting international volunteers.

Pro: To be more effective in emergencies, the UN should have trained forces ready for action and not have to rely on reluctant members to supply the muscle.

Con: The UN cannot be trusted with its own armed force. Given its track record, the Security Council would have an even greater incentive to intervene in the internal affairs of nations.

3. To ease the UN's financial plight, the U.S. should back proposals that the world organization raise money by borrowing from private sources or even by levying a small tax on international money transactions.

Pro: The UN's effectiveness has been hampered because the slow payment of dues and assessments by members has made it a permanent pauper unable to finance worthy operations.

Con: The UN bureaucracy is hopelessly wasteful. An independent source of income would make it even more spendthrift and encourage its pretensions to supranationalism. ■

DISCUSSION QUESTIONS

1. Is the UN under Boutros-Ghali attempting to do too much and take on too much power? Or is an activist secretary-general what the UN needs at this time?

2. As a member of the UN, does the U.S. have a duty to help in places like Somalia or Rwanda, where there is no direct American interest involved?

3. What should be the role of Congress in forming U.S. policy toward the UN? Should Congress be able to block the commitment of U.S. troops to a UN peace operation by the President?

4. The poorer countries of the world would like the UN to pay more attention to economic and social questions and less to peace operations. What do you think?

5. The old League of Nations had a system of mandates giving major powers the right to govern territories deemed not ready for self-rule. In the case of today's "failed states," like Somalia, should the UN be able to assume governmental authority or delegate it to a regional power?

6. Many people believe that television coverage of foreign events, particularly of innocent people suffering from violence or starvation, has an inordinate influence on policymakers and leads to poor decisions. The sending of U.S. troops to help Somalia would be an example. What do you think?

7. Is the UN necessary? What would be the effect on the world, and on the U.S., if this 50th year of the UN were somehow to be its last?

8. How can the UN be strengthened to play a more effective role in the next 50 years?

READINGS AND RESOURCES

Boutros-Ghali, Boutros, **An Agenda for Development.** New York, United Nations, 1994. 48 pp. $10.00. The secretary-general's mixed bag of UN development plans and programs.

———, "Empowering the United Nations." **Foreign Affairs,** Winter 1992–1993, pp. 89–102. A view of "historic opportunities" to strengthen the world organization.

Damrosch, Lori Fisler, ed., **Enforcing Restraint.** New York, Council on Foreign Relations, 1993. 401 pp. $17.95. Analytical essays by scholars on UN intervention in internal conflicts.

Evans, Gareth, "Cooperative Security and Intrastate Conflict." **Foreign Policy,** Fall 1994, pp. 3–20. A perspective on world order by Gareth Evans, Australia's foreign minister and a member of the Carnegie Commission on Preventing Deadly Conflict.

Issues Before the 49th General Assembly of the United Nations. Lanham, Md., United Press of America for the United Nations Association of the United States of America, Inc., 1994. 351 pp. $16.00. A thorough examination of issues before the General Assembly.

Mandelbaum, Michael, "The Reluctance to Intervene." **Foreign Policy,** Summer 1994, pp. 3–18. In the view of this Johns Hopkins University professor of American foreign policy, the problem is not too much intervention but too little by a feeble UN and spineless members.

Maynes, Charles William, "A Workable Clinton Doctrine." **Foreign Policy,** Winter 1993–1994, pp. 3–20. The editor of *Foreign Policy* maintains that the real agenda-setters for U.S. foreign policy "sit not in the White House but in the editorial rooms and press cubicles."

Norton, Augustus Richard, and Weiss, Thomas George, "UN Peacekeepers: Soldiers with a Difference." **Headline Series** No. 292. New York, Foreign Policy Association, Spring 1990. 64 pp. $5.95. Insightful discussion of the importance of the neutral UN peacekeepers and the fundamental problems of peacemaking from 1946 to 1990.

Urquhart, Brian, "Who Can Police the World?" **The New York Review of Books,** May 12, 1994, pp. 29–33. A distinguished former undersecretary-general of the UN reviews some books on the UN and makes some typically incisive remarks about critics of the world organization.

CAMPAIGN FOR U.N. REFORM, 713 D St., SE, Washington, D.C. 20003; (202) 546-3956. ▪ Goal is to build a restructured UN for world peace. Publishes a 14-point UN reform program and operates a political action committee. Contact for information on the latest issues concerning the UN.

UNITED NATIONS ASSOCIATION OF THE UNITED STATES OF AMERICA (UNA-USA), 485 5th Ave., New York, N.Y. 10017; (212) 697-3232. ▪ The UNA-USA focuses exclusively on the UN system and works to strengthen America's partnership with the world body. Provides information and educational services on the work of the UN and other global issues for students, scholars, Congress, business leaders and the media. Currently working to commemorate the UN's 50th anniversary.

UNITED NATIONS CENTER FOR DISARMAMENT AFFAIRS, United Nations, Rm. S-3151, New York, N.Y. 10017; (212) 963-6033, Librarian: (212) 963-5600. ▪ Provides information on arms control, disarmament and national security. Publications include **Disarmament Yearbook, Disarmament Newsletter** and **Disarmament,** a periodic review.

WORLD FEDERALIST ASSOCIATION (WFA), 418 7th St., SE, Washington, D.C. 20003; (202) 546-3950. ▪ WFA works to strengthen the UN and transform the UN into a world federation. Provides free brochures and conferences that are open to the public.

WORLD WITHOUT WAR COUNCIL, 1730 Martin Luther King Jr. Way, Berkeley, Calif. 94709; (510) 845-1992. ▪ Supports peace-oriented institutions and encourages intellectual exchange. List of publications for students and teachers is available.

OPINION BALLOTS

How to use the Opinion Ballots: *For your convenience, there are two copies of each opinion ballot. Please cut out and mail* one *ballot* per person *only. To have your vote counted, please mail ballots by June 30, 1995. Send ballots to:*

FOREIGN POLICY ASSOCIATION, 729 SEVENTH AVENUE, NEW YORK, N.Y. 10019

TOPIC 1 United Nations at 50

ISSUE A. *Regarding U.S. policy toward the UN, the U.S. should:*

	YES	NO
1. Reaffirm its support for the organization.	❑	❑
2. Encourage the establishment of a permanent, volunteer UN military force.	❑	❑
3. Support efforts to let the UN raise money by borrowing from private sources.	❑	❑

4. Other, or comment _____

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First three digits of your zip code: ___ ___ ___

Date: / /1995 *Ballot continues on reverse side...*

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4. Other, or comment _____

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First three digits of your zip code: ___ ___ ___

Date: / /1995 *Ballot continues on reverse side...*

TOPIC 2 Nuclear Proliferation

ISSUE A. *To combat the spread of nuclear weapons, the U.S. should:*

	YES	NO
1. Eliminate existing nuclear-weapons stockpiles.	❑	❑
2. Support a treaty prohibiting the production of fissile materials.	❑	❑
3. Open U.S. nuclear military facilities to international inspection.	❑	❑
4. Close the U.S. nuclear umbrella.	❑	❑
5. Develop a theater-missile defense system.	❑	❑
6. Increase the U.S. defense budget.	❑	❑

7. Other, or comment _____

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6. Increase the U.S. defense budget.	❑	❑

7. Other, or comment _____

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First three digits of your zip code: ___ ___ ___

Date: / /1995 *Ballot continues on reverse side...*

OPINION BALLOTS

ISSUE B. *For each of the following statements, indicate whether you agree or disagree:*

	AGREE	DISAGREE
1. The UN, under Boutros-Ghali, is doing too much and assuming too much power.	❑	❑
2. As a member of the UN, the U.S. has a duty to help in places like Somalia or Rwanda, where no direct U.S. interests are involved.	❑	❑
3. The U.S. Congress should be able to block the commitment of U.S. troops to a UN peace operation.	❑	❑
4. The UN should pay more attention to economic and social questions and less to peace operations.	❑	❑
5. The UN should assume governmental authority in cases where states fail to exercise self-rule.	❑	❑
6. Television coverage of people abroad suffering from violence or starvation has led to poor decisions by policymakers.	❑	❑

ISSUE C. *What prospect do you see for the UN in 50 years?*

	YES	NO
1. The UN will have become the dominant force on the world scene.	❑	❑
2. The UN will have evolved into a world government.	❑	❑
3. Other, or comment _____		

ISSUE B. *For each of the following statements, indicate whether you agree or disagree:*

	AGREE	DISAGREE
1. The UN, under Boutros-Ghali, is doing too much and assuming too much power.	❑	❑
2. As a member of the UN, the U.S. has a duty to help in places like Somalia or Rwanda, where no direct U.S. interests are involved.	❑	❑
3. The U.S. Congress should be able to block the commitment of U.S. troops to a UN peace operation.	❑	❑
4. The UN should pay more attention to economic and social questions and less to peace operations.	❑	❑
5. The UN should assume governmental authority in cases where states fail to exercise self-rule.	❑	❑
6. Television coverage of people abroad suffering from violence or starvation has led to poor decisions by policymakers.	❑	❑

ISSUE C. *What prospect do you see for the UN in 50 years?*

	YES	NO
1. The UN will have become the dominant force on the world scene.	❑	❑
2. The UN will have evolved into a world government.	❑	❑
3. Other, or comment _____		

ISSUE B. *The U.S. should make clear to any country trying to acquire nuclear weapons that it will use a preemptive strike to prevent such an attempt.*

❑ 1. Agree.

❑ 2. Disagree.

ISSUE C. *With regard to the extension of the NPT, the U.S. should (choose one):*

❑ 1. Support indefinite extension.

❑ 2. Support extension for a fixed number of years.

❑ 3. Not support extension.

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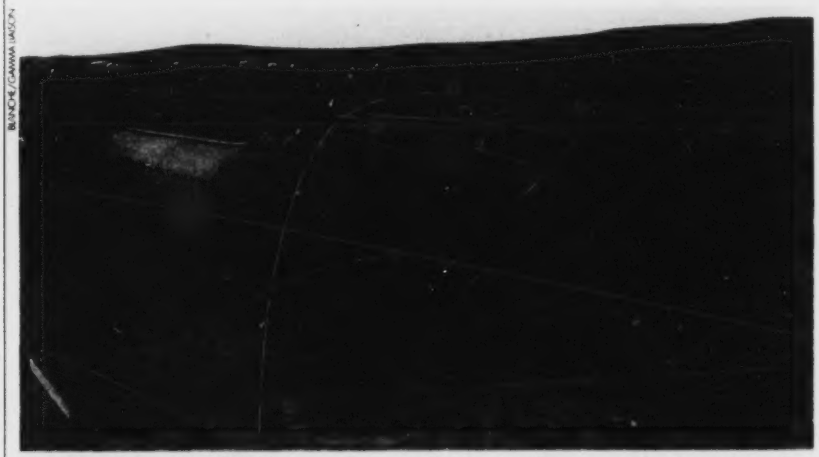
Nuclear proliferation: can it be capped?

The next decade, and U.S. policy, could be decisive in holding the line against the spread of nuclear weapons.

by Ronald J. Bee



BUNCHE/GAMMA LIAISON

KAZAKHSTAN IS DESTROYING *its nuclear missiles, but it still possesses bomb-grade nuclear materials. In November, the U.S. secretly removed a large cache of bomb-grade uranium from Kazakhstan to this country for safe storage.*

As the world's only remaining superpower, the U.S. carries a heavy load of foreign policy and security burdens. But preventing the spread of nuclear weapons to other states, whether on the Korean peninsula, in the Persian Gulf area or elsewhere, is one of the most pressing. Speaking before the United Nations in September 1993, President Bill Clinton warned: "If we do not stem the proliferation of the world's deadliest weapons, no democracy can feel secure."

The keystone of the world's nonproliferation efforts is the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) of 1968. The NPT pledges nuclear states to refrain from helping nonweapons countries to get the bomb and to pursue universal nuclear disarmament. It prohibits nonnuclear countries from receiving or manufacturing nuclear weapons and it obliges them to accept inspection to make certain they are not diverting nuclear materials from peaceful uses.

Twenty-five years after the treaty entered into force, in April 1995, more than 160 parties to the NPT will meet in New York City to decide whether to extend the treaty indefinitely or for some fixed number of years. For nuclear and nonnuclear countries alike, the stakes involved in the outcome of the conference are enormous.

At present, five countries admit to having nuclear arsenals: the U.S., Russia, Britain, France and China. Israel, while not acknowledging it, almost certainly has an array of nuclear weapons. India, which conducted a "peaceful" nuclear test in 1974, and Pakistan concede that they have developed nuclear capabilities but deny having any actual weapons. South Africa has divulged that it did make six nuclear weapons but claims to have destroyed them all.

In addition, a sizable number of other governments, either in fear of rival states or hopeful of gaining power and influence of their own—Iran, Iraq, North Korea, Libya, Algeria and Taiwan—have long been suspected of harboring such ambitions.

New dangers

The danger of nuclear war between the world's two superpowers receded with the end of the cold war and the disintegration of the Soviet Union. But those two events also created a number of new problems. Some of the former Soviet republics, most notably Ukraine, flaunted their hard-won independence by threatening to retain control of the nuclear arsenals still stockpiled on their territories. Even more alarming, the vast supplies of leftover Soviet nuclear weapons, technology and know-how are in danger of becoming a gigantic "nuclear yard sale," with choice items available for a price to countries eager to join the nuclear club. Under-the-table transactions add to the peril. In the summer of 1994, German authorities arrested a number of people attempting to smuggle weapons-grade plutonium out of the former Soviet Union to sell on the international black market.

Beside the nuclear uncertainties created by the Soviet breakup, the most immediate and glaring proliferation challenges of the post-cold-war era have been posed by two rogue states. Iraq sought to develop nuclear weapons secretly despite being a party to the NPT, which expressly forbids such efforts. Only after the defeat of Iraq in the Persian Gulf war in 1991 did the world learn how close Iraq had been to becoming a nuclear power with the capacity to destabilize the Middle East and threaten the peace of the world.

North Korea, also a party to the NPT, refused to permit required international inspections and is suspected of having made one or two nuclear devices. North Korea's conduct had greatly alarmed South Korea and Japan, which were forced to reconsider their own nonnuclear status. It compelled the U.S. to threaten, cajole and reluctantly negotiate with the government in Pyongyang (North Korea's capital) in order to defuse the incendiary situation in Northeast Asia.

At the upcoming NPT conference, the U.S. will press for indefinite extension of the treaty. But others, among them many nonnuclear countries, may withhold sup-

RONALD J. BEE *is an author and educator. This article is excerpted from his forthcoming* Headline Series, *"Nuclear Proliferation: The Post-Cold-War Challenge."*

port unless the nuclear powers speed their progress toward the world nuclear disarmament they have pledged. In particular, they may demand more rapid steps toward a comprehensive ban on nuclear testing and a prohibition on the manufacture of materials such as plutonium and weapons-grade uranium.

Why were nuclear weapons ever devised? What motivates countries to build and maintain nuclear arsenals? What is being done to prevent nuclear weaponry from becoming more accessible or even falling into the hands of irresponsible leaders? What is Washington's policy on the subject? Can a cap really be put on nuclear proliferation? Or will the world inevitably see dozens of countries brandishing weapons capable of the utmost destruction? ■

Three nuclear races

PROLIFERATION HAS ITS ROOTS in three nuclear races, one of which is still in progress. Each of those stemmed from political struggles that have marked the 20th century and caused countries—either through fear of their adversaries or a determination to dominate—to covet the deadliest weaponry that modern technology could provide.

Race against the Nazis

Early in World War II, German scientists began work on a secret project, codenamed The Uranium Society, to develop an atomic bomb. Shortly after the German invasion of Poland in 1939, the event that ignited the wider war, physicist Albert Einstein wrote to President Franklin D. Roosevelt (1933–1945) alerting him to the German project and urging support for U.S. atomic research. At that time, the U.S. was not yet a belligerent, and the war seemed far from home. As a result, Roosevelt committed only modest support for an advisory committee.

Not until after the Japanese attack on Pearl Harbor, Hawaii, December 7, 1941, brought the U.S. into the war did America begin work in earnest on building a bomb. The atomic research operation was codenamed The Manhattan Project and placed under the direction of the U.S. Army in August 1942. As it turned out, when Germany surrendered in May 1945, its scientists had not come close to making an atomic weapon. On the other hand, the American-led nuclear project had made great progress. On July 16, at Alamogordo, New Mexico, the U.S. conducted the first successful atomic test.

Germany's formidable ally, Japan, was yet to be defeated. The U.S. had suffered a great many casualties in the Pacific warfare, and President Harry S. Truman (1945–1953) may well have feared that an invasion of Japan itself, at a cost of a huge number of lives, would be necessary to end the war. Some of the scientists who created the bomb argued against dropping it on Japan. Others, like Isidor Rabi, a Manhattan Project scientist, asked: "And what would President Truman say to the American people afterward? How could he explain to them that he had had a weapon to stop the war, but had been afraid to use it, because it employed principles of physics that hadn't been used in wartime before?" Truman made the decision to use the new weapons. In August, U.S. planes dropped atomic bombs on the Japanese cities of Hiroshima and Nagasaki, and the bloodiest war in history came to an end.

The superpower race

As Europe and Japan lay in ruins, a global political struggle, the cold war, between the U.S. and the Soviet Union began to dominate the postwar era. The Soviets conducted their first nuclear test in 1949.

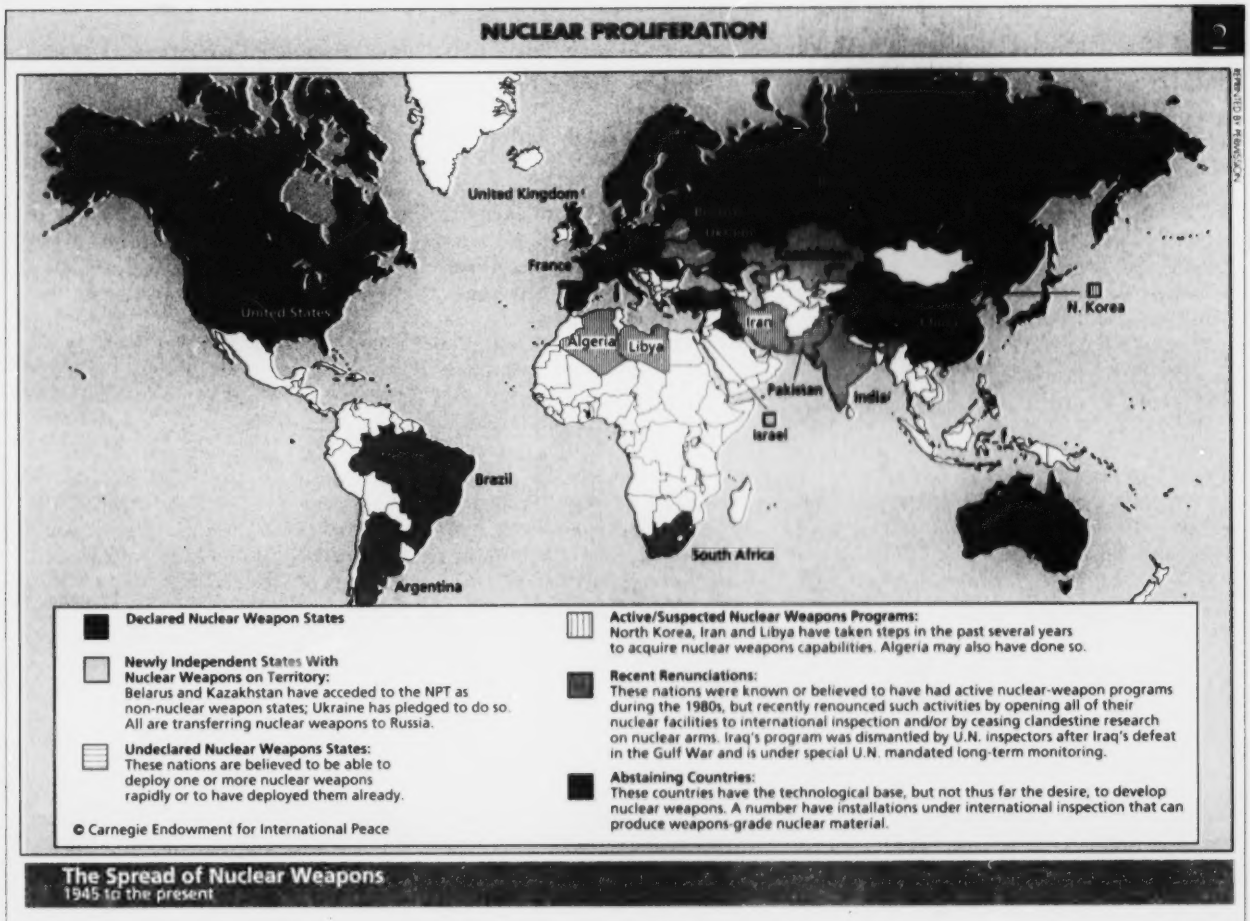
The years that followed witnessed some tense confrontations between the U.S. and the U.S.S.R. over the Soviet erection of the Berlin Wall in 1961 and the Russian emplacement of nuclear missiles in Cuba in 1962, as well as wars involving U.S. and Soviet-backed forces in Korea and Vietnam. Actual hostilities between the two superpowers never took place, though each side, fearful and suspicious, built growing numbers of increasingly powerful weapons.

On November 1, 1952, the U.S. tested the first hydrogen bomb (H-bomb or thermonuclear bomb) on an island in the Pacific Ocean. The bomb's mushroom cloud spread over 100 miles, and a 17-story building could have fitted in the mile-long crater the blast left in the ocean floor. The island all but disappeared. The bomb's destructive power was measured at 12 megatons, nearly 600 times that of the Hiroshima bomb. Unlike the atomic bomb, whose explosive energy comes from splitting the nuclei of atoms, or fission, the hydrogen bomb derives its enormous power from fusion, a process similar to what happens on the sun.

Not to be outdone by the Americans, the Soviets exploded their first hydrogen bomb on August 12, 1953. Both then continued to expand their arsenals and refine their weapons, many of which carried multiple warheads. By 1967, the U.S. stockpile peaked at just over 32,000 nuclear warheads; the Soviet stockpile numbered 45,000 warheads by the mid-1980s. Why the need for so many? "The weapons each side has sought," commented McGeorge Bundy, national security adviser (1961–1966) to Presidents John F. Kennedy and Lyndon B. Johnson, "have been those its government found necessary in the light of what others had done or might do."

Observing the nuclear race between the U.S. and the Soviet Union, other countries found it "necessary" to acquire the most modern weapons available. Britain, followed by France and then China developed atomic and hydrogen bombs during the 1950s and 1960s, each building arsenals numbering hundreds of warheads. In explaining why France had to go nuclear, President Charles de Gaulle recalled his country's humiliating defeat in World War II and that "help came only after three long years of struggle which nearly proved mortal for her." He also commented: "No country without an atom bomb could properly consider itself independent." China's leader Mao Zedong offered a similar reason. "If we are not to be bullied in the present-day world," he said, "we cannot do without the bomb."

Since China, no other country has become a declared member of the nuclear club. Many regional wars have been waged. But the nuclear powers have not fought each other, and no nuclear weapons have been used in warfare since World War II. Arguments have been made that the existence of nuclear weapons, though expensive and potentially dangerous, has actually served as a deterrent to war and kept the peace among the major powers for some 50 years. Perhaps, say some proliferation experts, but couldn't a deterrent role have been played with arsenals 100 times smaller? Still others see no possible silver lining in the existence of nuclear weapons. They believe that major war was


NUCLEAR PROLIFERATION
United Kingdom
France
United States
Algeria
Libya
Iraq
Pakistan
India
N. Korea
Israel
Brazil
Argentina
South Africa
Declared Nuclear Weapon States
Newly Independent States With Nuclear Weapons on Territory:
Belarus and Kazakhstan have acceded to the NPT as non-nuclear weapon states; Ukraine has pledged to do so. All are transferring nuclear weapons to Russia.
Undeclared Nuclear Weapons States:
These nations are believed to be able to deploy one or more nuclear weapons rapidly or to have deployed them already.
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Active/Suspected Nuclear Weapons Programs:
North Korea, Iran and Libya have taken steps in the past several years to acquire nuclear weapons capabilities. Algeria may also have done so.
Recent Renunciations:
These nations were known or believed to have had active nuclear-weapon programs during the 1980s, but recently renounced such activities by opening all of their nuclear facilities to international inspection and/or by ceasing clandestine research on nuclear arms. Iraq's program was dismantled by U.N. inspectors after Iraq's defeat in the Gulf War and is under special U.N. mandated long-term monitoring.
Abstaining Countries:
These countries have the technological base, but not thus far the desire, to develop nuclear weapons. A number have installations under international inspection that can produce weapons-grade nuclear material.

The Spread of Nuclear Weapons
1945 to the present

averted in spite of—and not because of—the nuclear arms race. They also ask a question that bothers many: What happens if these terrible weapons fall into the wrong hands?

Race against proliferation

From the start of the nuclear age, it was clear the new weaponry had to be brought under international control. In 1946, President Truman offered to turn over the secret and control of the atomic bomb to the United Nations. Presented to the UN by the financier and presidential adviser Bernard M. Baruch, then serving as U.S. representative to the UN Atomic Energy Commission, the American proposal called for the establishment of a permanent UN agency to control, inspect and license all atomic reactors and materials to ensure their use for peaceful purposes. The UN would have the authority to punish violators. Known widely as the Baruch Plan, the American proposal provided for the destruction of all U.S. atomic bombs after international controls, including strict verification procedures, were agreed upon. "If we fail," said Baruch, "we have damned every man to be the slave of fear."

Whether this plan would have been acceptable to the U.S. Congress is open to question. But it never came to that. The Soviets, then at work on their own atomic bomb, denounced the proposal as "vicious and unacceptable." They were particularly averse to the verification requirements, insisting that they would not have their country "invaded" by international inspectors. The UN commission eventually adopted a plan similar to the American proposal, but it was blocked in the Security Council by a Soviet veto.

The U.S. tried a different tactic in 1953, when President Dwight D. Eisenhower (1953–1961) delivered his "Atoms-for-Peace" speech to the UN General Assembly. The President stressed the use of nuclear energy to "serve the peaceful pursuits of mankind" and called for the establishment of an international atomic energy agency. Since Eisenhower saw no urgent need for "a completely acceptable system of worldwide inspection and control," this time the Soviets did not balk. After they and the Americans came to an agreement in behind-the-scenes negotiations in New York City, the UN was able to establish the International Atomic Energy Agency (IAEA) in 1957. The goals of the agency, headquartered in Vienna, Austria, were to encourage the use of atomic energy for peaceful uses and prevent the misuse of nuclear technology and fissile materials for armaments.

After the Cuban missile crisis of 1962 had brought the U.S. and the Soviet Union close to outright war, the two shaken superpowers stepped up their efforts to bring nuclear weapons under control. The first nuclear test-ban treaty, limited to tests in the atmosphere, outer space and under water, was signed in August 1963. President Kennedy and Soviet Premier Nikita S. Khrushchev also started serious negotiations on a treaty to curb the spread of nuclear weapons. After Kennedy's assassination, President Johnson continued those efforts, and in June 1968 a treaty submitted jointly by the U.S. and the Soviet Union was approved by the UN General Assembly. The pact entered into force on March 5, 1970. ■

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Perils and prospects

RECENT YEARS HAVE BROUGHT some encouraging news regarding nuclear proliferation. Iraq is being denuclearized. North Korea has recently tentatively committed itself to dismantle its weapons program. After years of remaining aloof, France and China signed the NPT. Argentina, Brazil and Chile resolved some objections and acceded to the Treaty of Tlatelolco in early 1994. The Organization of African Unity (OAU) expects to have a treaty providing for an African nuclear weapons-free zone ready for signature in 1995.

Still, neither these heartening developments, nor the end of the cold war, nor the preventive measures taken by the international community have eliminated the threat of nuclear proliferation. As Iraq, North Korea and other countries demonstrate, the appetite for the power and prestige that come with nuclear weapons remains strong. Policing has proven difficult. If the nonproliferation regime (See p. 20) falters, the world could see 20 or more countries with nuclear arms.

After the Soviet fall

The disintegration of the Soviet Union created two major proliferation threats: (1) some of the successor republics might try to gain control of the weapons still on their territory and go nuclear on their own right; (2) Russia, as the sole recognized inheritor of control over Soviet nuclear arms, would export materials, technology and know-how to the nonnuclear world.

In addition to Russia, the newly independent states of Belarus, Kazakhstan and Ukraine retained strategic and tactical nuclear weapons on their territories. By late 1993, Belarus and Kazakhstan had signed the NPT, but Ukraine, a country of 52 million people and the world's third largest nuclear power, caused considerable concern, since clearly it was in no rush to accept the treaty.

In agreeing to the terms of the Lisbon protocol to the Start I pact in 1992, Ukraine had promised to return all Soviet nuclear weapons on its territory to Russia and to accede to the NPT in the "shortest possible time." Since then, Ukraine has transferred a sizable number of nuclear weapons to Russia, but nationalist political leaders urged the retention of some warheads as a hedge against potential Russian ambitions.

The Clinton Administration pressed Ukraine to honor its agreement under Start I, and in January 1994, the President met with Russian President Boris N. Yeltsin and then Ukrainian President Leonid M. Kravchuk in Moscow to resolve the problem. In a trilateral agreement, Ukraine reaffirmed its commitment to a nonnuclear status. In return, the U.S. promised Ukraine at least $175 million in financial assistance for the dismantling and transport of weapons on its territory. Russia agreed to provide Ukraine with nuclear fuel assemblies to keep its power plants operating in exchange for the highly enriched uranium in the warheads being returned to Russia.

Ukraine's parliament ratified Start I unconditionally in February 1994. And in November, on the eve of a visit by the newly elected Ukrainian president, Leonid D. Kuchma, to the U.S., the parliament voted overwhelmingly to ratify the NPT. One of the few conditions was that Russia, the U.S. and Britain would respect Ukraine's borders and never use nuclear weapons against it. Parliament's agreement cleared the way for Russia to implement Start I and for the Russian parliament and the U.S. Congress to ratify Start II.

A major unresolved problem, however, is the existence of huge amounts of Soviet nuclear material, technology and expertise. Plagued by sluggish economies and a need for hard currency, Russia and the other successor-states have a strong incentive to sell these assets abroad. In response to U.S. pressure, President Yeltsin has agreed to establish nuclear-export-control laws and guard against a

GLOSSARY

ATOMIC BOMB (A-BOMB): Bomb whose explosive power comes from the fissionable nuclei of the isotopes uranium-235 and plutonium-239. First U.S. bomb tested was made with plutonium-239, and carried a force of 17 kilotons of TNT.

FISSION: The splitting of uranium or plutonium atomic nuclei into fragments, a process that releases energy in the form of heat, blast and radiation. The process used in atomic bombs.

FUSION: The compression of lightweight atomic nuclei into a nucleus of heavier mass, with the attendant release of energy. The process used in hydrogen bombs.

HIGHLY ENRICHED URANIUM: Uranium in which the percentage of uranium-235 nuclei has been increased from the naturally occurring level of 0.7% to some greater level, usually around 90%. Along with plutonium (see below), one of the two fuels essential for making nuclear weapons.

HYDROGEN BOMB (H-BOMB OR THERMONUCLEAR BOMB): Bomb whose explosive power derives from nuclear fusion (see above). The first one tested by the U.S. was nearly 600 times more powerful than the atomic bomb dropped on Hiroshima, Japan. Hydrogen bombs have never been used in wartime.

INTERMEDIATE NUCLEAR FORCE TREATY (INF): 1987 bilateral treaty between the U.S. and the U.S.S.R. eliminating an entire class of nuclear weapons—intermediate-range ballistic missiles and shorter-range ballistic missiles.

PLUTONIUM: An isotope which is manufactured artificially when uranium-238, through irradiation, captures an extra neutron. One of the two core materials used in nuclear weapons, the other being highly enriched uranium (see above).

SAFEGUARDS: System used by the International Atomic Energy Agency (IAEA) to inspect a nation's nuclear facilities that are declared as a result of the nation becoming party to the Treaty on the Nonproliferation of Nuclear Weapons (NPT), or as a result of a bilateral agreement. Inspections make use of a mix of material accountancy, containment and surveillance to provide evidence of unauthorized use or transfer of safeguarded nuclear materials.

SPENT FUEL: Nuclear fuel that has been used in a reactor and removed because it contains too little fissile material to sustain reactor operation. Extremely radioactive.

STRATEGIC ARMS LIMITATION TALKS (SALT) I: Series of talks from 1969 to 1972 in which the U.S. and the U.S.S.R. negotiated the first agreements limiting some of their deadliest weapons.

STRATEGIC ARMS LIMITATION TALKS (SALT) II: Second round of talks, from 1972 to 1979, which ended in agreement by the U.S. and the U.S.S.R. to set equal aggregate ceilings and subceilings on strategic-offensive-weapons systems and impose restraints on existing and future strategic systems. The agreement was never ratified.

STRATEGIC ARMS REDUCTION TREATY (START) I AND II: Signed by the U.S. and the U.S.S.R. in July 1991, Start I provides for the reduction of approximately one third of strategic warheads of both parties, limiting nuclear warheads to 6,000. Under Start II, the U.S. and Russia will reduce strategic warheads to between 3,000 and 3,500 and eliminate land-based missiles with multiple warheads.

nuclear braindrain by creating research projects to employ former nuclear scientists and engineers. Yeltsin also pledged to give Russian border guards better training in the detection of nuclear smugglers, a growing problem. In one reported incident, soldiers looking for drugs at a Russian roadblock instead found nuclear-weapons components stolen from a Soviet nuclear laboratory. In Germany, from May to August 1994, four arrests of smugglers carrying weapons-grade uranium and plutonium allegedly stolen from former Soviet laboratories raised grave concern about the existence of an international black market for nuclear assets.

Threat from North Korea

Being party to the NPT as a nonnuclear-weapons state does not guarantee a will to comply with its pledges, as the actions of North Korea well illustrate. It signed the NPT in 1985 but did not permit IAEA inspections until 1992. When inspectors arrived, they found discrepancies in North Korea's declaration of nuclear material; samples taken showed that it produced more plutonium than it had acknowledged. Moreover, inspectors were prevented from conducting crucial tests to verify that no nuclear materials had been diverted from seven declared nuclear sites.

Then in March 1993, after the IAEA had asserted its right to inspect two *undeclared* sites suspected of storing nuclear-waste products, North Korea threatened to withdraw from the NPT. In June, after the UN Security Council urged it to permit inspections of the facilities in question, North Korea announced that it would no longer allow inspections even of its declared sites. By November, IAEA Director General Hans Blix warned that his organization could no longer ensure that North Korea's nuclear materials were being used solely for peaceful purposes. U.S. intelligence agencies estimated a better-than-even possibility that the country had enough nuclear material to make one weapon.

In March 1994, after another round of talks with the U.S., North Korea chose to readmit inspectors to the seven declared sites. But at one of them, they were not permitted to take the samples needed to verify that plutonium had not been mishandled. Once again, the IAEA found North Korea in noncompliance.

As the possibility grew of UN sanctions, North Korea said that would be "an act of war"; one diplomat threatened to turn the South Korean capital of Seoul into a "sea of flames." Defiantly, Pyongyang unloaded fuel rods from its principal reactor, a process that should have been inspected by the IAEA to ensure that no fuel diversion took place. The removed spent fuel, it was estimated, contained enough plutonium to make up to five nuclear weapons. By mid-June, as the U.S. called for UN sanctions, a nervous South Korea called up its military reserves and Washington sent 48 Patriot missiles to protect its ally against North Korean missile attack.

The threat of war abated, however, after former President Jimmy Carter, on a "private" visit to North Korea, gained President Kim Il Sung's agreement to freeze temporarily his country's nuclear program. As a result, Washington put sanctions on hold and agreed to meet again with the North Koreans. Talks in Geneva, Switzerland, were interrupted in July when Kim Il Sung died. They resumed in August 1994, with his son and successor, Kim Jong Il.

ABBREVIATIONS

IAEA	**International Atomic Energy Agency**
INF	**Intermediate Nuclear Force Treaty**
LTBT	**Limited Test Ban Treaty**
NNPA	**Nuclear Non-Proliferation Act**
NPT	**Treaty on the Non-Proliferation of Nuclear Weapons**
NSG	**Nuclear Suppliers Group**
OAU	**Organization of African Unity**
PNE	**Peaceful Nuclear Explosions Treaty**

The threat of a showdown with North Korea receded on October 18, when the U.S. announced the successful conclusion of the negotiations. In exchange for a commitment from the North Korean leadership to freeze and gradually dismantle its nuclear-weapons program, President Clinton approved a plan calling for more than $4 billion in energy aid to North Korea over the next decade. A consortium of nations, led by South Korea and Japan, will provide for the construction of light-water nuclear reactors, designed to make the conversion of nuclear waste into nuclear weapons far more difficult. Under the accord, North Korea must allow full and continuous inspections of its nuclear sites, freeze and then later disassemble some of its key nuclear plants, and then ship its spent nuclear fuel rods out of the country. Critics of the plan contend that North Korea can keep the fuel rods for years, surrendering them only when the new plants are near completion. Based on past experience, they say, North Koreans could also renege on the agreement—as they have before—and reject IAEA inspections.

The accord reduced tensions caused by North Korea's nuclear program, but it also led some to ask: Will it prevent North Korea, despite inspections, from making nuclear weapons? Does the agreement strengthen or undermine the value of the NPT and the IAEA's safeguards system?

Middle East challenges

If North Korea has been the center of nuclear concern in Northeast Asia, three countries are major players on the complex proliferation scene in the Middle East: Iraq, Iran and Israel.

Iraq Another NPT party with nuclear ambitions, Iraq has been a painful embarrassment (and lesson) for the IAEA. Despite safeguards, the Iraqi nuclear-weapons program—stimulated by fear of Israel's possession of the bomb, the threat of renewed warfare with Iran and a desire for regional dominance—secretly came close to success before defeat in the Persian Gulf war led to its exposure.

Postwar inspections by IAEA teams revealed that Iraq had managed to conceal a large, complex project costing billions of dollars and involving thousands of skilled technicians. Using oil revenues, Iraqi President Saddam Hussein had relied on an extensive international network to buy equipment and materials his country could not make or purchase through legitimate means. He had hoped to make some weapons-grade uranium by late 1993 and eventually produce enough to build several nuclear weapons a year.

After Iraq's defeat, the UN Security Council authorized the IAEA to inspect sites anywhere in the country and destroy facilities and equipment that could be used to make nuclear or other weapons of mass destruction. Despite initial lack of cooperation and occasional harassment by the Iraqi authorities, by 1994 the UN seemed certain that Iraq's nuclear capacity had been destroyed. But UN inspectors cautioned that a monitoring system that they had installed would need lengthy testing to guard against Iraqi attempts to revive their weapons program.

The Nonproliferation Regime

THE NONPROLIFERATION TREATY is the centerpiece of efforts in the race against the spread of nuclear weapons. The NPT, along with the IAEA, several other treaties, agreements and national policies, combine to make up what has come to be known as the nonproliferation regime.

■ **The Treaty on the Non-Proliferation of Nuclear Weapons:** The NPT is the most widely adhered-to arms-control agreement in history. It has sought to freeze the number of nuclear-weapons states at five, and as of 1992, when France and China signed on, all five countries that have declared they possess nuclear weapons have become parties to it.

Since 1970, parties to the NPT have held four review conferences, one every five years, as required by the treaty. At the fifth and most important, in April 1995, the parties will "decide whether the treaty shall continue in force indefinitely."

■ **International Atomic Energy Agency:** Though affiliated with the UN, the IAEA is largely autonomous. The agency has two chief roles: (1) to facilitate the transfer of peaceful nuclear technology to developing countries; and (2) to verify compliance with the NPT.

The NPT requires all nonnuclear-weapons countries to negotiate IAEA "safeguards" agreements, which spell out inspection procedures. The U.S., Britain and the U.S.S.R. in separate agreements voluntarily opened all their civilian nuclear reactors to inspections; France and China opened some. All the weapons states, however, exclude military-related facilities from such inspection.

Not all members of the IAEA are parties to the NPT. Thus, India and Pakistan, which are not parties to the NPT, allow the IAEA to inspect some, but not all, of their nuclear facilities. Argentina and Brazil, also non-NPT countries, nevertheless permit full-scope IAEA safeguards on all their nuclear activities.

When the extent of the Iraqi nuclear program became public knowledge after the Persian Gulf war, the agency's safeguards system came in for heavy criticism. As a result, some of the procedures have been improved and other changes are under review. Member states now must facilitate inspection procedures by providing design information about nuclear facilities *before* nuclear material is introduced. In the case of Iraq, large quantities of natural uranium and uranium oxide (sometimes called yellow-cake) were not under IAEA safeguards and were easily diverted for use in its weapons program. Consequently, it has been suggested that countries be required to place a wider range of equipment, facilities and materials under safeguards. In addition, the IAEA has proposed the establishment of an international register for all nuclear transfers, including dual-use technologies that can be used for civilian or military purposes.

Critics contend that the IAEA must be more aggressive in inspecting "undeclared" nuclear sites and in conducting special, unannounced "challenge inspections." Also, shorter notice of inspections should be given to reduce the likelihood of states hiding their nuclear activities.

Despite the IAEA's expanded responsibilities, including the denuclearization of Iraq, inspections of Brazilian, Argentine and South African nuclear facilities, and coping with nuclear environmental hazards in Eastern Europe and the former Soviet Union, its budget has been frozen for eight years.

■ **Other elements of the regime:** Two treaties complement the NPT in combating the spread of nuclear weapons to other countries. The Treaty of Tlatelolco (1967), which calls for the establishment of a nuclear-weapons-free zone covering Central and South America, has been ratified by all Latin American countries, with the exception of Cuba. It requires parties to accept full-scope IAEA safeguards and prohibits nuclear-weapons states from using or threatening to use nuclear weapons in the area. The Treaty of Rarotonga (1986) prohibits the manufacture or acquisition of nuclear weapons by states in the South Pacific region and bans the stationing of nuclear weapons there by nuclear-weapons states. Neither France nor the U.S. has signed this treaty; the chief U.S. reason is that it would set a bad precedent for other regions where an American nuclear deterrent may still be needed.

A number of other treaties contribute to halting the growth of existing nuclear stockpiles. These include the Limited Test Ban Treaty (LTBT) of 1963, the Strategic Arms Limitation Talks (SALT I) agreement of 1972, the Peaceful Nuclear Explosions Treaty (PNE) of 1976, the Intermediate Nuclear Force Treaty (INF) of 1987, and the two Strategic Arms Reduction Treaties (Start I and II) of 1991 and 1993.

■ **Committees and other groups:** To help NPT members determine which exports to nonweapons states needed safeguards, a committee was formed in the early 1970s to keep a "trigger list" of materials and equipment "especially designed or prepared" for nuclear use, including reactors, reactor components and certain materials such as heavy water that could be used for military purposes.

After India's nuclear test in 1974, it was clear that more-restrictive export guidelines were required. At the suggestion of the U.S., a suppliers' group was formed. It called for restraint in exporting dual-use items such as technology for the enrichment and reprocessing of nuclear materials, a prohibition against passing exports on to third parties, and a requirement that importing states accept full-scope IAEA safeguards.

In March 1991, after the revelation of Iraq's procurement activities, the Nuclear Suppliers Group (NSG) met and updated its list of controlled items. It agreed upon stricter guidelines for the export of a wider range of dual-use nuclear-related materials and technologies and to report such exports to the IAEA.

■ **American legislation:** In 1978, the U.S. Congress passed the Nuclear Non-Proliferation Act (NNPA) committing the U.S. to support the NPT and a stronger, more effective IAEA. In an action then seen as controversial, the NNPA required "full-scope safeguards" on *all* nuclear activities (not just those declared) in nonnuclear states as a prerequisite for exporting American nuclear technology. This provision is now accepted by many countries as a standard for nuclear exports.

After the breakup of the Soviet Union in 1991, Congress passed legislation known as the Nunn-Lugar Act, to help ensure that Soviet nuclear weapons were dismantled and destroyed and to establish safeguards against the proliferation of such weapons. Expenditure of the authorized funds has been slow because of difficulties in negotiating the necessary implementing agreements with Russia, Belarus, Ukraine and Kazakhstan. ■

The Iraqi case was a wake-up call for the IAEA as well as the rest of the entire nonproliferation regime. All involved had been ineffective in dealing with an NPT party that was engaged in an extensive clandestine program to build nuclear weapons. The IAEA is considering proposals to strengthen safeguards, but a question remains: Barring a level of intrusion into domestic national affairs that is not acceptable to most countries, can the international community ever be totally certain that a country is not secretly building a nuclear arsenal?

Iran The question is particularly pertinent when considering Iran, another party to the NPT. To date, the IAEA has reported no unexplained discrepancies in Iran's nuclear materials or the existence of nuclear-weapons facilities. But grounds for suspicion are ample. In recent years, President Hojatoislam Hashemi Rafsanjani has openly called for the development of nuclear weapons, and at least one Iranian official has declared that Muslim states need nuclear weapons to balance Israel's undeclared arsenal.

In 1991, Iran unsuccessfully tried to purchase a 30-megawatt nuclear research reactor from India that could have produced enough plutonium to make several weapons annually. The following year, Iran sought to buy nuclear-reprocessing equipment from Argentina, but the sale was blocked by American pressure. Russia and China both have promised to supply reactors to Iran. The U.S. opposes the sales, and as of late 1994 no deals had been transacted.

Though an "Iranian smoking gun" has not been found, some U.S. experts think it likely that Iran might be getting nuclear assistance from China and North Korea, its major arms suppliers during the war with Iraq. Unconfirmed reports also claim that Iran has been recruiting Russian nuclear scientists. While Iran asserts that its nuclear activities remain peaceful, the U.S. believes otherwise. In February 1993, R. James Woolsey, director of the Central Intelligence Agency (CIA), told the Senate Government Affairs Committee that "Iran probably will take at least eight to ten years to produce its own nuclear weapons, perhaps sooner if it receives critical foreign assistance."

Israel: 'ambiguous' arsenal

Israel began its nuclear-weapons program in the mid-1950s, with cooperation from France. Following the Suez crisis of 1956, France and Israel both felt threatened by Arab nationalism, leading France secretly to supply Israel with a plutonium-production reactor (located near Dimona in the Negev desert), weapons design and weapons-manufacture information. By 1974, the American CIA reported, "We believe that Israel has already produced nuclear weapons." In 1986, *The Sunday Times* of London published extensive interviews with Mordechai Vanunu, a technician who had worked at Dimona for almost 10 years. Vanunu reported that Israel had produced enough plutonium to produce "at least 100 and as many as 200 nuclear weapons of varying destructive power." McGeorge Bundy, in his book, *Danger and Survival: Choices about the Bomb in the First Fifty Years,* concluded that Vanunu's testimony "showed that the Israeli program fully justified the designation of Israel as the sixth nuclear power."

Israel, however has maintained a policy of strict secrecy regarding its nuclear-weapons program. It does not admit to having nuclear weapons at all, although Israeli officials tacitly admit to having the capacity to deploy them as a last resort. It has formally maintained since 1962 that "there are no nuclear weapons in the Middle East and Israel will never be the first to introduce them." This "ambiguity" between the evidence and the Israeli "no bombs" posture is intended to deter enemies in the Middle East from mounting a military attack that might threaten Israel's existence. The U.S. government has accepted this Israeli ambiguity, but in doing so has raised the issue of America playing favorites in its efforts to limit the spread of nuclear weapons. Moreover, in the case of Iraq, and possibly Iran, Israel's undeclared nuclear arsenal has been one of the reasons for rationalizing clandestine nuclear-weapons programs. Israel has not signed the NPT.

THE FBI ARRIVES in RUSSIA TO HELP YELTSIN CONTROL ILLEGAL SALES of PLUTONIUM
PLUTONIUM... PLUTONIUM... WHERE DID WE PUT THE PLUTONIUM?
FBI
CCCP
JANZIGER
The Christian Science Monitor

South Asian rivals

India and Pakistan have gone to war with each other three times since independence in 1947. American intelligence experts believe both countries, neither of which has signed the NPT, have all the components necessary to make nuclear weapons, within hours if necessary. Moreover, the next stage in this regional arms race has already begun; both India and Pakistan are seeking ballistic missiles that could carry nuclear warheads.

India's motive for developing nuclear weapons stemmed from concerns in the 1960s over the nuclear threat from the People's Republic of China, a desire for regional power and world influence, and, since the mid-1980s, a perceived need to keep ahead of Pakistan's nuclear program. In 1974, India tested a "peaceful nuclear device," and in the 1980s it enlarged its capacity to make nuclear weapons by building new reactors and plutonium-extraction plants.

Since its loss in the 1971 war with India and the Indian nuclear test in 1974, Pakistan has launched its own nuclear-weapons program. During the 1980s,

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Pakistan received considerable nuclear assistance from China and developed the capacity to build its own weapons.

Neither India nor Pakistan at present chooses to build actual nuclear weapons. Both could make them at a moment's notice, a situation that has been called "nonweaponized deterrence." In short, India and Pakistan deter each other with the *prospect* of nuclear weapons.

The U.S. and other countries concerned about proliferation fear that this form of deterrence could easily fail, since tension between the two countries—particularly in the Kashmir region—remains at a consistently high level. CIA director Woolsey warned in 1993 that South Asia "poses perhaps the most probable prospect for future use of weapons of mass destruction, including nuclear weapons."

Reviewing the treaty

The danger posed by a nuclear-armed South Asia will be on the minds of the delegates to the NPT extension conference. The U.S. and most other major industrialized countries support an indefinite extension, but many nonnuclear parties to the treaty have reservations. To begin with, the nonweapons states want the five declared weapons states to make swifter progress toward the cessation of the arms race and toward universal nuclear disarmament. Some would like to see an unconditional pledge by the weapons states never to use nuclear weapons. Others may well press for a worldwide ban on the production of fissile materials, weapons-grade uranium and plutonium. Many especially want to see swifter progress by the weapons states toward a comprehensive ban on nuclear testing.

Currently, the U.S., Russia, Britain and France are abiding by a voluntary moratorium on all testing. China wishes to continue with an ongoing series of tests until its scheduled conclusion in 1996. The nuclear have-nots may insist on a firm commitment to halt tests before they agree to an indefinite extension. If the treaty is extended for a fixed period instead, it would have to be amended after that period, requiring ratification by all parties to the treaty. ■

A new U.S. policy?

EXPERTS ON NUCLEAR policy differ on many issues, but on two things there is consensus: (1) the next decade will be crucial in the fight to contain the spread of nuclear weapons; and (2) the role of the U.S. will be decisive in the outcome.

The Clinton Administration seems well aware of the high stakes involved. On September 27, 1993, after an eight-month interagency review, President Clinton signed Presidential Decision Directive 13 (PDD-13)—confidential guidelines for his Administration's policy on nuclear proliferation. On the same day, in a speech before the UN in New York City, he included a proposal for a new treaty that would prohibit the production of fissionable uranium or plutonium for nuclear weapons.

While the PDD-13 remains classified, the general thrust of the current U.S. policy is clear.

1. Strengthen the existing regime. In addition to the proposed treaty to ban production of fissile materials, the Administration says it will seek ways to eliminate existing stockpiles of such material. To this end, the U.S. agreed to purchase 500 tons of highly enriched Russian uranium removed from warheads; it will also permit IAEA inspection of American fissile material no longer needed for weapons. In addition, the U.S. will make a strong effort to secure the indefinite extension of the NPT treaty, and it will press for the earliest possible conclusion of a comprehensive ban on nuclear testing. It will seek more "resources" [funds] for the IAEA, to strengthen its "ability to detect clandestine nuclear activities."

2. Pay close attention to proliferation hot spots. In addition to keeping a sharp eye on the dismantling of North Korea's nuclear-weapons program and the lasting denuclearization of Iraq, the U.S. will try to contain Iran's nuclear ambitions and encourage India and Pakistan to cap and eventually roll back their nuclear and missile capabilities. By promoting dialogue and a sense of confidence between Israel and the Arab states, the Administration hopes eventually to "create the basis for a Middle East free of weapons of mass destruction." It also will intensify efforts to prevent the states of the former Soviet Union, Eastern Europe and China from exporting nuclear material, technology and know-how.

3. Balance export controls with economic interest. The goal here is to review U.S. export controls relating to nuclear proliferation on a case-by-case basis, eliminating those that inhibit exports unless they are deemed necessary for security or foreign policy reasons. Critics fear an easing of controls will aid countries with nuclear ambitions, but the Administration argues that American dual-use export controls, more stringent than those of other countries, hurt U.S. exporters and should be reassessed.

4. Consider "counterproliferation." This relatively new concept is designed primarily to thwart terrorist groups or rogue nations, and to give the President a range of military options in case nonproliferation efforts fail. Counterproliferation includes a variety of governmental activities from diplomacy, arms control and export controls to heightened intelligence gathering and possible preemptive strikes. One relevant military option is the new theater missile defense system, that would include a mobile antimissile interceptor for use against short- and medium-range missiles.

Proponents see counterproliferation planning as prudent, given the changing nature of threats to U.S. security. Critics see counterproliferation as an overreaction, designed to bolster the role of the defense and intelligence communities and to justify the development of expensive new weapons. They fear that preemptive strikes, if used without international sanction, would have harmful political and diplomatic consequences. They also doubt they could be effective, especially against targets hidden or dispersed across a wide terrain.

As the Clinton Administration shapes its policy on nuclear weapons, experts and pundits of many political shades have contributed their thoughts. One position might be called *step back and close the nuclear umbrella.* In expounding this view, Ted Galen Carpenter, Director of Foreign Policy Studies at the Cato Institute, a conservative research organization in Washington, D.C., contends that "the first task of a prudent U.S. security strategy must be to keep America out of the nuclear crossfire." He doubts that the NPT and the "unraveling nonproliferation system" that it represents, can stop the spread of nuclear arms. In the post-cold-war era, Carpenter writes, the U.S. should be wary of "entangling nuclear

alliances" that could involve the country in regional nuclear wars. The U.S., he fears, could be called upon to deter nuclear states from attacking or intimidating regional American allies. Now that the global struggle against the Soviet Union is over, the U.S. nuclear umbrella, once extended protectively over many nonnuclear countries, should be closed.

A quite different perspective, held by strong supporters of multilateralism, would not abandon nonproliferation efforts but *let the UN take the lead.* Though the U.S. is now the world's sole superpower, they say, it neither can nor should be the nuclear policeman. It should join other nations in supporting multilateral organizations, agreements and initiatives concerned with proliferation, but it should defer to the leadership of such forums as the UN Security Council, the IAEA and the UN Conference on Disarmament. Moreover, the U.S. should support the establishment of a UN "rapid deployment force," to enforce UN Security Council resolutions as well as nuclear nonproliferation commitments under the NPT.

A third suggested strategy calls for the U.S. neither to withdraw nor defer, but to *continue America's global leadership role* in curbing the spread of nuclear weapons. The Atlantic Council of the United States, a nonprofit organization in Washington, D.C., for example, encourages U.S. support for multilateral efforts, but it believes that no other country or group of countries can offer a comparable leadership role. "Successful construction of a stable and predictable world order in changing political conditions," it argues, "still depends very fundamentally on the political will of the U.S."

Many other voices are being heard. Jonathan Dean, arms-control adviser to the Union of Concerned Scientists, a Massachusetts-based advocacy group on nuclear issues, thinks the nuclear powers, especially the U.S., should be paying less attention to ending warhead testing and the production of fissile materials and more to reducing their own vast stockpiles of warheads and missiles. He advocates an irreversible "builddown" and destruction of nuclear arsenals under bilateral or multilateral monitoring.

In their book, *Reducing Nuclear Danger: The Road Away from the Brink,* McGeorge Bundy, William J. Crowe Jr. (former chairman of the Joint Chiefs of Staff), and Sidney D. Drell (physicist and professor at Stanford University) also argue that the existing arsenals of nuclear weapons should be reduced drastically. They call for more openness from the undeclared nuclear states of Israel, Pakistan and India. "It is time," they say, "to replace the inherited distinction between those countries with nuclear weapons and those without by a wider assertion that all nations should be on the same side—*against* nuclear danger—whatever their present degree of reliance on nuclear weapons." For all the disarmament and nonproliferation efforts, these authors maintain, "it is not at all clear that the overall *level* of nuclear danger has gone down."

Many experts and many political leaders, including President Clinton, would probably agree with that glum judgment. The President and his policymakers understand that the U.S. has a decisive role to play in curbing the spread of the weapon that was born at Alamogordo 50 years ago.

But how well is that role actually being played? Is the U.S. doing enough to halt further nuclear proliferation? Is it possible? If the experts are right, the years immediately ahead should provide the answers.

U.S. policy options

1. As the only country to have used nuclear weapons in warfare, the U.S. has a moral responsibility to lead the resistance to proliferation.

Pro: From the start of the nuclear age, America has seen itself as duty-bound to combat the spread of nuclear weapons. It has led that fight; it should continue to lead, and with more vigor.

Con: America's use of the bomb in a just cause 50 years ago has nothing to do with it. Other countries, and the UN, should be taking more of a leadership role on this issue.

2. The U.S. should make it clear to any country trying to acquire nuclear weapons that it will use preemptive force to prevent it.

Pro: The spread of nuclear weapons must be stopped. No country but the U.S. has the power and the political will to act. The U.S. should use force, with or without UN approval.

Con: The U.S. is not the world's nuclear policeman. The UN should impose tough economic sanctions against such countries. As a last resort, the UN might have to authorize the use of limited force.

3. To discourage further proliferation in the Middle East, the U.S. should try to pressure Israel into signing the NPT and accepting IAEA monitoring of its nuclear stockpile and facilities.

Pro: Some Arab states feel they must have nuclear weapons to balance Israel's arsenal. That view might change if Israel's nuclear stockpile and facilities were placed under international control.

Con: Barring a comprehensive and well-tested peace in the Middle East, Israel would be foolish to give up an important military advantage. Such U.S. pressure would be resented; U.S. ties with a longtime ally would be jeopardized. ■

DISCUSSION QUESTIONS

1. What priority should the U.S. give to nuclear nonproliferation? Should the U.S. support the indefinite extension of the NPT? Why or why not?

2. North Korea has agreed to freeze its nuclear program in exchange for billions in energy aid. What precedent does this accord set for other countries with nuclear ambitions? Does it help or hurt the nonproliferation regime?

3. It has been argued that the existence of nuclear weapons has served as a deterrent to war. Others argue that war was averted in spite of nuclear weapons. What do you think?

4. All five declared nuclear weapons-states have signed the NPT, which obligates them to pursue universal disarmament. What additional steps should the U.S. take to abolish nuclear weapons?

5. How can the IAEA strengthen its safeguards system? What steps should the agency—and the U.S.—take to enforce compliance? Negotiate? Apply economic pressure? Take military action?

6. How serious a security threat does Russia now pose to the U.S.? What can Russia and the international community do to stop the illegal flow of nuclear technology and materials to nonweapons-states?

7. In November, Republicans were overwhelmingly voted into office. GOP leaders have pledged they will increase defense spending and cut international aid. What effect will this have on nations harboring nuclear ambitions? On the denuclearization of the former Soviet Union? On nonproliferation efforts overall?

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ARMS CONTROL ASSOCIATION (ACA), 1726 M St., N.W., Suite 201, Washington, D.C. 20036; (202) 463-8270. ▪ A nonpartisan national membership organization dedicated to promoting public understanding of arms-control policies and programs. ACA's services include educational programs and a monthly journal, **Arms Control Today.**

COMMITTEE FOR NATIONAL SECURITY (CNS), 1601 Connecticut Ave., N.W., Suite 600, Washington, D.C. 20009; (202) 745-2450. ▪ Nonprofit, nonpartisan organization that seeks to educate the public on arms-reduction issues. In addition to organizing workshops and seminars, CNS offers curriculum materials, books and reports.

INTERNATIONAL SECURITY COUNCIL (ISC), 2000 L St., N.W., Suite 506, Washington, D.C. 20036; (202) 828-0802. ▪ A nonprofit, nonpartisan public-policy institution devoted to the critical examination of international security issues. ISC conducts forums and conferences and publishes books, reports, studies and the quarterly **Global Affairs.**

U.S. ARMS CONTROL AND DISARMAMENT AGENCY, State Department Building, 320 21st St., N.W., Washington, D.C. 20451; (202) 647-8677. ▪ Government agency that formulates and implements arms control and disarmament policies.

WISCONSIN PROJECT ON NUCLEAR ARMS CONTROL, 1701 K St., N.W., Suite 805, Washington, D.C. 20006; (202) 223-8299. ▪ Carries out research and public education designed to inhibit the spread of nuclear arms. Publishes **Directory of Current Projects in the Field of Nuclear Nonproliferation.**

Russia and its neighbors: U.S. policy choices

As Russia seeks to come to terms with the collapse of an empire, the U.S. response will influence the stability of countries in Russia's 'near abroad' and beyond.

by Allen Lynch

MIKHAIL S. GORBACHEV, president of a nuclear superpower of 288 million people, voluntarily surrendered the Soviet Union's political and military control over the heart of Europe in 1989–90. It was perhaps the most astounding political event of a century scarred by two world wars and the fall of half a dozen overseas empires. Then, within barely two years, the Soviet Union itself dissolved peacefully. A continental Russian Empire that had been built up over more than three centuries ceased to exist.

Such a smooth surrender of international and sovereign power is unprecedented. History teaches that the breakup of empires is usually associated with major wars. After World War I, for example, the multinational Austro-Hungarian and Ottoman empires broke up. The Russian Empire itself collapsed during that war. Perpetual instability in the Middle East followed the disintegration of the Ottoman Empire. And the longest, most destructive war in Europe since 1945 is being fought by descendants of the Austro-Hungarian and Ottoman empires in the former Yugoslavia.

The political, economic and diplomatic consequences of the Soviet breakup for the 15 successor-states are also without historical comparison. A whole series of new domestic and international institutions, from local government to laws to alliances, must be constructed on a vast scale. The international politics of Europe and Asia, not to mention critical U.S. foreign policy choices, will be affected for the foreseeable future by the collapse of Soviet power.

THE LAST SOVIET LEADER *(1985–91). Mikhail S. Gorbachev, addresses 28th party congress beneath Lenin's statue in the Kremlin. Gorbachev's unprecedented reforms led to the demise of the Communist party's monopoly of power in the U.S.S.R. and Eastern Europe. He won the Nobel Peace Prize in 1990 for promoting greater openness at home and helping end the cold war.*

What will be the basis of international stability in central Eurasia? Will the Russian Federation (or Russia, for short) be able to assert its influence on its neighbors by mutually acceptable economic, diplomatic and security arrangements? Or will Russia revert to a pattern of intervention and domination by force? What is the U.S. prepared to do to encourage the first choice and discourage the second? Should the U.S. try to integrate Russia into the Western community of nations by encouraging democracy and a market economy and buttressing it as a regional policeman? Or should the U.S. try to curb Russia's expansionist tendencies by incorporating parts of Eastern Europe, including possibly Ukraine, into a Western-oriented security community, such as the North Atlantic Treaty Organization (NATO)?

One question that U.S. analysts have not yet faced is whether the Russian state can survive if it tries to reestablish an empire. Alexei G. Arbatov, director of the Center for Geopolitical and Military Forecasts in Moscow, Russia's capital, has argued that because of the weakness of the Russian state itself, "the attempt…to reconquer the former Soviet geopolitical space would only lead to the final Russian national disaster, with catastrophic consequences for the whole world." To what extent, then, are the U.S. and its allies prepared to work together with Russia and its former Soviet neighbors to stabilize the new international order and avoid such an outcome?

Politics without government

One of the few who foresaw how the Soviet Union might come to an end and the consequences for Russia is George F. Kennan, one of this country's preeminent students of Russian and Soviet affairs. Writing in 1947 in *Foreign Affairs*, Kennan wondered whether Stalin's successors might one day "reach down into [the] politically immature and inexperienced masses in order to find support for their respective claims…." If so, then "strange consequences could flow for the Communist party: for the membership at large has been exercised only in the practices of iron discipline and obedience and

ALLEN LYNCH *is associate professor of government and director of the Center for Russian and East European Studies at the University of Virginia.*

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not in the arts of compromise and accommodation. And if disunity were ever to seize and paralyze the party, the chaos and weakness of Russian society would be revealed in forms beyond description....Soviet power is only a crust concealing an amorphous mass of human beings among whom no independent organizational structure is tolerated. In Russia there is not even such a thing as local government. The present generation of Russians have never known spontaneity of collective action. If, consequently, anything were ever to occur to disrupt the unity and efficacy of the party as a political instrument, Soviet Russia might be changed overnight from one of the strongest to one of the weakest and most pitiable of national societies."

If anything, Kennan's prophetic words understated the condition of a Russia shorn of the Communist party. Not only does such a Russia find its international influence vastly reduced but Russians face the troubling question of national identity. Russia, unlike the Western powers, had incorporated its colonial conquests into the Russian state. What then *is* Russia without its empire? What is the national interest of a Russia that isn't sure whether it is a nation or an empire? What about the 25 million Russians who live outside Russia's new boundaries? These questions are among the most important issues of Russian domestic and foreign policy today. ■

Post-Soviet Russia's international role

IN THE SPRING of 1989, before the breakup, the effective boundaries of the Soviet Russian state extended to the Elbe River, in the heart of Germany. Before 1991 was out, less than three years later, these borders had been reduced by a greater extent than the loss of territory inflicted upon the Soviet Union by the Nazi armies in the summer of 1941. Of Russia's major boundaries, only that in Siberia has not changed. In the south, in the Caucasus, Russia's formal borders are those of roughly 1800, before the incorporation of the Kingdom of Georgia into the Russian Empire. In Central Asia, Russia's borders are those before the great imperial expansion begun in the middle of the 19th century. Finally and most importantly for Russia's standing as a European and a great power, in the West, Russia's borders are those of more than three centuries past, before the treaty of union with Ukraine.

No strict comparison can be made with the American experience. But to appreciate the importance of Ukraine to Russia, it is as if overnight the U.S. had been deprived of territories acquired during the Mexican War and the settlement of the Oregon territories in the mid-1800s. While such a loss would still leave the U.S. a formidable country, it would strip it of essential parts of its national patrimony and leave many Americans with a burning sense of national humiliation. France after World War II lost its empire and international influence. That blow to French pride helped precipitate a drive led by General Charles de Gaulle to make France once more a major world power. A comparable reaction in post-Communist, post-imperial Russia should not be surprising.

Russia has not only been expelled from Eastern Europe, but its imperial legacy has collapsed. In contrast with most Western empire builders, Russia incorporated its colonies directly into the mother country. Since state and empire were virtually one and the same, a threat to any part of the empire was also a threat to the state. As the Soviet political theorist Alexander Tsipko put it in 1991, "Can Moscow secede from Moscow?" That is, could Russia lose its empire and still preserve a historically recognizable Russian state identity?

Nation or empire?

For most of history, the leaders of Russia and the U.S.S.R. have ruled over large numbers of non-Russians, such as Ukrainians, Poles, Finns, Armenians, the Baltic peoples, and large numbers of Muslim Turkic peoples in Central Asia. Indeed, while Russians made up a slight majority in the latter-day U.S.S.R., ethnic Russians were just 44% of the population of imperial Russia, according to the census of 1897.

Post-Soviet Russia is now properly a "nation-state," but with a difference. This state established itself not by acquiring territories and peoples in the classical West European manner but in acquiescing in the secession of large swaths of territory and millions of people. As a result 25 million Russians and 35 million Russian-speaking peoples now live outside of the borders of their ethnic homelands. (There are 1.7 million Russians and Russian speakers living in the three Baltic states, Estonia, Latvia and Lithuania. Ukraine has a Russian population of 11.4 million; they constitute 20%

THE SOVIET BLOC, *as it was constituted from 1945 to 1989, included the current 12 CIS republics, the 3 Baltic states and the 6 nations of Eastern Europe.*

of the population and a majority in the Crimean peninsula.)

Because the historical Russian empire ruled over so many nationalities, reforms designed to modernize the country never made much headway. Russian and later Soviet reforms, such as those under Alexander II (1855–81) and Nikita S. Khrushchev (1953–64), ground to a halt in part out of fear that political and economic control would pass into non-Russian hands on the periphery of the empire. The concern to maintain the stability of a multinational empire, and in particular the dominance of the Russian ruling class, always led Russian reformers to choose autocracy over liberalization. Yegor K. Ligachev, who until 1990 was second in command of the Soviet Communist party under Gorbachev, argued forcefully for preserving the leading political role of the Soviet Communist party. He insisted that there was no other authority capable of integrating the diverse interests of the various nationalities within the Soviet Union.

The Soviet legacy

Only in the Gorbachev years (1985–91) would the Soviet government, reflecting Gorbachev's control of both the Communist party and government, push economic and political reforms to the point where they undermined the state. The resulting collapse of the U.S.S.R., and with it most institutions of public authority, left all of the governments and peoples in the post-Soviet states, Russia included, facing two enormous challenges. The first is to build effective institutions practically from the ground up—most importantly, effective constitutional government, a market economy and respect for the rule of law. The second, and even more difficult challenge, is to build all of these institutions at the same time and in an unsettled international environment. Yet a prerequisite for political democracy, recent history shows, is an effectively functioning market economy. But a modern market economy requires an effectively functioning legal system, and a prerequisite for the latter is the existence of a strong and competent state and state administration. Russia and its ex-Soviet neighbors do not have the option of developing these institutions gradually, in a step-by-step fashion.

ABBREVIATIONS

CIS	Commonwealth of Independent States
NATO	North Atlantic Treaty Organization
U.S.S.R.	Union of Soviet Socialist Republics

Can the heirs of a formerly totalitarian empire make rapid and stable progress to pluralist political systems? Can they do so without effective public institutions? Can they achieve the legal and economic prerequisites for constitutional government, not to speak of democracy (which may be the ultimate aim, although for many Russians it clearly is not), without a strong state? Unfortunately, so many of the voices calling for a strong state in the post-Soviet region are also those most opposed to democracy, a market economy and the rule of law.

Yeltsin's nationalism

Russian President Boris N. Yeltsin, himself an ex-Communist leader who broke with Gorbachev in the late 1980s because he believed that Soviet reforms were not going fast or far enough, is the first ruler in Russian history to renounce Russian imperialism as contrary to the interests of the Russian people. According to Yeltsin, controlling large non-Russian populations requires a dictatorship that is as oppressive for the Russians as it is for the non-Russians. Second, securing the loyalty of non-Russian subjects so that they will collaborate in imperial rule requires economic outlays that Russia cannot afford. In other words, Russia must give up the idea of rebuilding an empire if Russia is to have a chance to flourish.

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AUGUST 1991: BORIS YELTSIN, *the popularly elected president of Russia, stands before parliament and denounces the hard-liners who attempted to overthrow Gorbachev. The coup failed, and Yeltsin's popularity soared.*

OCTOBER 1993: AFTER YELTSIN *attempted to dissolve parliament, hundreds of legislators barricaded themselves in the building. Yeltsin ordered troops to retake the burning building. Scores were killed in the fighting.*

Boris N. Yeltsin

Yeltsin joined the Communist party in 1961 and quickly rose in the ranks. In 1985 Gorbachev appointed him head of the Moscow Communist party organization. Taking advantage of Gorbachev's policy of *glasnost* (openness), Yeltsin called for more radical political and economic reforms. Gorbachev promptly dismissed Yeltsin as Moscow party boss in 1987, but he bounded back onto the political scene in March 1989, when he was elected a deputy to the Soviet parliament in the first contested national elections in Soviet history.

Yeltsin broke with the Communist party in July 1990. In June 1991 he was elected president of the Russian Federation with 57% of the votes and became Gorbachev's chief rival. When antireform hard-liners attempted to overthrow Gorbachev in August 1991, Yeltsin scrambled atop a tank and mobilized hundreds of thousands of pro-democracy protesters. The coup failed; Gorbachev returned to Moscow and resigned as party leader. On December 8, 1991, the U.S.S.R. ceased to exist; Yeltsin and the leaders of Ukraine and Belarus met in Brest, Belarus, and formed the Commonwealth of Independent States (CIS).

Power struggles between Yeltsin and the parliament have raised questions about Yeltsin's commitment to democratic reform. The parliament tried unsuccessfully to impeach Yeltsin in March 1993. Six months later, on September 21, Yeltsin dissolved the parliament. Ruslan Khasbulatov, the leader of the parliament, and his supporters impeached Yeltsin, appointed Vice President Aleksandr Rutskoi to the presidency and occupied the parliament building. In October, Yeltsin ordered troops to storm parliament, arrested opposition leaders and resumed power. Ruling in large part by decree (he issued 2,300 decrees in 1993 alone), Yelstin will most likely run for reelection in 1996.

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Through early 1992, Yeltsin's rather tolerant nationalism was central to the rise of a Russian nation-state committed to democracy, market economics and the revival of Yeltsin's own political fortunes. He was able to mobilize large numbers of Russians to support his idea that the U.S.S.R., while perhaps an expression of Russian power in the world, was detrimental to the welfare of Russians at home. Ironically, the August 1991 coup to depose Gorbachev by Communist hard-liners, who believed his reforms were undermining the party and the state, upset the preferred timetable of Yeltsin and his nationalist colleagues in Ukraine and elsewhere. They assumed they had several years to prepare for a stable transfer of authority from central Soviet agencies to newly sovereign republican governments. Instead, the failed coup triggered the collapse of all Soviet political and economic institutions.

This had a more unsettling effect in Russia than elsewhere because it provoked the collapse of consensus on the meaning of Russian nationalism. Before the Soviet breakup, a broad spectrum of Russian opinion rallied around Yeltsin's anti-Soviet, anti-Gorbachev nationalist platform. Whereas the other republics such as Ukraine could continue to mobilize nationalist opinion, directed now against Russia rather than the U.S.S.R., Russia itself was at a disadvantage. Russians, many of whom identified their homeland with the U.S.S.R., had not yet thought through what it meant to be Russian outside of the Soviet empire. With Gorbachev in power, with his strong commitment to a powerful central Soviet state, it was possible to unify Russians' nationalist sentiment *against* something. The rapid and unexpected collapse of the U.S.S.R. meant that henceforth Russian nationalism would have to stand *for* something, a much more difficult political task.

Thus, the problem of defining Russian foreign policy and Russia's national interests is connected to the lack of agreement within Russia as to its basic identity and role in the world.

Reaction to the loss of empire

The current debates in Russia about the boundaries of the state and Russian foreign policy are intimately related. Russia is not accustomed to thinking of its immediate neighbors, the other 11

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members of the loose federation known as the Commonwealth of Independent States (CIS) and the Baltic states, as foreign countries. Hence the term "the near abroad" that Russia uses to describe the former Soviet republics.

The issue of whether to define Russia's relations with the near abroad as primarily a matter of domestic policy or of foreign policy goes to the heart of contemporary Russian politics. Its importance can hardly be exaggerated. It cuts across two interrelated questions: Can a liberal Russian state be built if Russia retains imperial responsibilities outside of Russia? Reconstituting and then managing an empire would require a degree of coercion that could spell the end of Russia's liberal prospects. Second, can an effective foreign policy be constructed in the absence of Russia's historical empire? Hasn't Russia become so interdependent with its former colonies that the triumph of multiple nation-states on the territory of the former U.S.S.R. spells the end of Russia as a factor in world affairs?

Both Russian liberals and reactionaries reject the idea of treating the other republics and the Baltic states as if they are foreign. This has influenced the manner in which Russia defines and executes its foreign policy.

Recent Russian relations with some of the other republics—notably Moldova, Georgia, Tajikistan, Armenia and Ukraine—provide some indication of Russia's future policy toward the near abroad. In Moldova, beginning in 1992, the Russian 14th Army, together with the Defense Ministry, cooperated closely with local Russians to bring about the secession of eastern Moldova; eventually, under such Russian pressure and in the absence of support from the U.S. or Europe, Moldova joined the CIS. In Georgia, the Russian military, with the support of the Defense Ministry but in opposition to existing government policy, armed Abkhaz secessionists to put pressure on the Georgian government, now headed by ex-Soviet foreign minister Eduard A. Shevardnadze, to cooperate more closely with Russia. This destabilized the country and pressured it into joining the CIS. In the end, the Russian government, including the Foreign Ministry, backed the military's actions in Georgia. In the case of Tajikistan, the Russian government and legislature authorized the dispatch of the 201st Motorized Rifle Division to police the Tajik border with Afghanistan. (Both countries are mired in civil wars.) Once there, the Russian army supported various political factions in that country, mainly by the surreptitious delivery of arms to both sides. (In another example of political initiatives by the Russian military, negotiations in September 1992 to settle the war between Armenia and Azerbaijan were directed by Russian Defense Minister Pavel Grachev, to the surprise of senior Russian Foreign Ministry officials.) In Ukraine, Russia used economic pressure to obtain concessions on

Timeline 1917–94

1917

- **FEBRUARY:** February Revolution: Popular revolt leads to abdication of Czar Nicholas II and creation of provisional government.
- **NOVEMBER:** November Revolution (October according to Old Style calendar): The Bolsheviks, a radical Marxist party, led by Lenin, Trotsky and Stalin, overthrow provisional government and establish Council of People's Commissars. The Communists (formerly Bolsheviks) win civil war (1918–21) and form Union of Soviet Socialist Republics (U.S.S.R.).

1924

- **JANUARY 21:** Death of Lenin: Internal power struggle ensues. Stalin emerges as absolute ruler.

1945-48

- U.S.S.R. Gains Sphere of Influence in Eastern Europe: With the defeat of Nazi Germany in 1945, U.S.S.R. extends influence in Eastern Europe, imposes Communist rule. In 1946, British Prime Minister Winston Churchill declares Iron Curtain has fallen between the Communist East and the democratic West.

1953

- **MARCH 5:** Death of Stalin: Khrushchev becomes secretary-general of Communist party September 12.

1956

- **OCTOBER:** Soviet troops crush anti-Communist uprising in Hungary.

1961

- Berlin Wall Erected: Built to restrict East Berliners from fleeing West for freedom. Major symbol of cold war.

1962

- **OCTOBER 22-28:** Cuban Missile Crisis: Soviet attempt to base nuclear weapons in Cuba leads world to brink of war. Khrushchev's withdrawal of weapons defuses crisis.

1964

- **OCTOBER 15:** Khrushchev Ousted: Brezhnev takes power in an intra-party coup.

1968

- **AUGUST 20-21:** Soviet invasion of Czechoslovakia ends Prague Spring.

1979

- **DECEMBER 27:** Soviet troops invade Afghanistan.

1982

- **NOVEMBER:** Death of Brezhnev: Succeeded by Andropov. After his death two years later, Chernenko becomes leader. He dies in 1985.

1985

- **MARCH 11:** Gorbachev New Leader of U.S.S.R: Calls for *perestroika* (restructuring) and *glasnost* (openness).

1989

- **MARCH:** First-ever contested national elections for parliament in U.S.S.R.
- **NOVEMBER:** Berlin Wall comes down.

1991

- **JUNE 12:** Yeltsin elected President of Russian Federation.
- **AUGUST 19-21:** Anti-Gorbachev hardliners attempt coup in Moscow.
- **SEPTEMBER:** U.S.S.R. recognizes independence of Baltic states (Latvia, Lithuania, Estonia).
- **DECEMBER 8:** Leaders of Russia, Ukraine and Belarus declare end of Soviet Union, creation of Commonwealth of Independent States (CIS).
- **DECEMBER 25:** Gorbachev resigns as president of U.S.S.R.

1993

- **OCTOBER:** Yeltsin orders troops to storm parliament, arrests opposition leaders.
- **DECEMBER:** Zhirinovsky wins 24% of votes cast for party candidates for parliament. New Russian constitution replaces Communist-era constitution of 1977.

1994

- **SEPTEMBER:** Clinton and Yeltsin hold summit on nuclear and economic issues in Washington, D.C.

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Controlling nuclear arms

Both Russia and the West have been operating on the assumption that by transferring all ex-Soviet nuclear weapons to Russia, the problem of post-Soviet nuclear arms control will thereby be solved. This seems highly questionable. The lack of effective public institutions, the absence of effective civilian control over the military, the occasionally dubious control that the Russian military exercises over itself, and the polarization of Russian political society underscore the need to rethink classical approaches to nuclear arms control. Whereas during the cold war the central problem of international security was to insulate the management of nuclear weapons from global political disorder, today the primary challenge is to insulate nuclear arms control from domestic political disorder. When the major nuclear powers can no longer be presumed to be stable states, the time has come to begin to denationalize control over nuclear arsenals. Complete denuclearization is probably unfeasible politically, if only because of the weakness of the Russian state and the security that nuclear weapons seem to accord it. But states should consider something like a "two-key" system for nuclear arms control, akin to the dual control exercised by U.S. and West German forces over nuclear missiles based in West Germany. Control would be shared by national and international agencies. (Some degree of national antimissile defense should probably be part of such an approach, if only to serve as an element of psychological assurance for states who would be asked to cede an essential element of their sovereignty over vital security interests.) The political benefits of such an approach for Russia's relations with its neighbors, as well as for strategic stability and the prospects for the nuclear nonproliferation regime, may prove to be considerable. Absent that, nuclear stability will depend on a Russia which, by all evidence, may be no more stable than Ukraine, which under considerable international pressure only recently committed itself to giving up its nuclear weapons. ■

transferring nuclear weapons to Russia.

Based on these examples, one can make some generalizations about the possible future shape of Russia's relations with the near abroad.

First, there will *not* be a formal reconstitution of empire, even within the CIS. Moscow considers the economic and political costs of empire too high. On this point, there is broad consensus among Russian politicians. And politically, for Russian reformers, empire implies autocracy over Russians as well as the non-Russians within the empire.

Second, in the event Russia's CIS partners violate important Russian interests, they will face Russian political, economic and—failing these—military pressures.

Third, Russia will not face serious Western opposition as long as it confines the exercise of its political-military influence to the CIS. This was demonstrated by the recent Russian interventions in Georgia and Moldova.

The final point, and it is one that has caused ambivalent reactions in states like Armenia, is that Russia will *not* take direct responsibility for governing its neighbors. This applies even to Ukraine, where few Russians wish to answer for the poor state of the Ukrainian economy.

Recent Russian behavior within the CIS follows the historical pattern of relations between the U.S. and Central and Latin America before 1933. America's own Monroe Doctrine of 1823, designed to prevent Europeans from intervening in this hemisphere, and especially the 1904 Roosevelt Corollary to it, which asserted a U.S. right of intervention to restore "responsible" government, sketches the future of Russia's relations with the near abroad. Russian analysts frequently invoke this American precedent as an object lesson in how a great power should behave in its own "backyard." An August 1992 report of the Russian Supreme Soviet's Foreign Affairs Commission stated that "the Russian Federation's foreign policy must be based on the doctrine that proclaims the entire geopolitical space of the former Soviet Union the sphere of its vital interests (along the lines of the U.S.A.'s 'Monroe Doctrine' in Latin America)." Few Russians seem to realize that the millions of Russians living abroad would become local hostages to a pattern of interventionism on their behalf. That is, Russian military intervention on behalf of Russians living in the Baltic states or Ukraine would expose them to nationalist hostility by ethnic Balts and Ukrainians, making life much more difficult and dangerous. Moreover, such interventionism would only strengthen imperialist and military elements in Russia itself, thereby threatening remaining prospects for constitutional government.

The Russian military

The Russian state's loss of fiscal control, reflected in its inability to raise adequate tax revenue, has placed the military in a dire budgetary bind. More broadly, in the absence of competent public administration and a lack of consensus about the nature of Russia and Russian interests, the military has acted unilaterally as the guardian of the nation's alleged interests. It has done so in a manner unprecedented in the Soviet period. While the Russian military has been a reluctant participant in day-to-day domestic politics, it has not hesitated to assert Russian power in neighboring states, such as Moldova and Tajikistan.

The fact that many in the Russian military have become activists in foreign affairs is due to a number of causes. The state's administrative control outside Moscow (and even within the capital) is quite limited. Civilian (that is, party and police) authority within the military establishment itself has collapsed. There is no effective mechanism to coordinate foreign and security policy. The military does not believe in either the legitimacy or the durability of a purely national Russian state. In short, the Russian state does not have the political capacity to fully control the military, while the military often does not have an interest in being controlled by the present Russian state.

In Moldova and Georgia, it was the military who made the decision to intervene with force. Surprised by the acquiescence of the U.S. and its NATO allies to such coercive moves, the Russian government quickly shifted position and endorsed the results of the military's action.

In the Baltic states, the military has pressed consistently for basing and transit rights. In April 1994, Defense Ministry officials surprised the Foreign Ministry (which learned of the initiative by fax from the Latvian government) by publishing an alleged presidential decree committing the Russian government to maintaining 30 military bases in neighboring states, including Latvia. Military bases had just been ruled out in bilateral negotiations. By summer 1994, the Russian government prevailed and completed the withdrawal of Russian

military forces from the Baltic region.

Russian military officials have repeatedly issued public statements on the supposedly deteriorating condition of Ukraine's nuclear weapons, with the intent of isolating Ukraine diplomatically and denuclearizing it as rapidly as possible. (In a striking example of military initiative in foreign policy beyond the boundaries of the former U.S.S.R., Russian Deputy Defense Minister Georgii Kondratev spoke in April 1993 of the Defense Ministry's policy toward the war in Bosnia-Herzegovina: "The Russian Defense Ministry [i.e., not the Russian government] gives absolute priority to political methods in settling the conflict.") ■

State of the Russian Federation

IN SPITE OF IMPRESSIVE maneuvering on the international scene, the Russia of today is arguably not a great power. It is rather a very large power, much in the way that in the 18th century China and India, which had the largest economies, were therefore the wealthiest countries. Their wealth had nothing to do with their capacity to modernize. Furthermore, the Russian giant, much like its Ottoman counterpart, is resting on a very unstable foundation. Recent reports of the Berlin, Kiel and Halle economic institutes in Germany present a devastating picture of the state and prospects of the Russian economy:

- an economic decline in the industrial economy in each of the past three to four years that is up to twice as bad as that suffered in the U.S. during the worst years of the Great Depression in the 1930s;
- the absence of the political strength needed to bring about genuine structural change in the economy. To date there has been hardly any progress. For example, according to Russian Economics Minister Alexander Shokhin, half of the Russian government's 1994 program to stimulate investment was never implemented;
- corrupt and incompetent financial administration that led to at least $15 billion (and perhaps as much as $25 billion) in capital flight abroad in 1993;
- insufficient security for investors, domestic or foreign;
- inability of the central government to collect as much as 50% of the tax revenue needed to finance an admittedly unrealistic budget, according to the Russian Finance Ministry.

There are more optimistic views of the state of the Russian economy and the course of Russian reform. According to John McLaughlin, an analyst for the Central Intelligence Agency (CIA), "Russian economic reforms have made enormous progress in the two and a half years since the breakup of the Soviet Union." Russia's private sector—which goes largely unrecorded in the official economic statistics—is expanding rapidly and now accounts for about 40% of Russian gross domestic product, double the figure in 1991. Two thirds of domestic retail trade took place outside state channels in 1993, compared with one third in 1991. And inflation, which hovered in four digits less than two years ago, was reduced to less than 10% per month in 1994. There are other structural signs that reform is proceeding apace: services are now contributing more to the Russian economy (50%) than manufacturing, suggesting that the country is now developing the beginnings of a more balanced economy; unemployment is significantly lower than expected, reflecting the start of a functioning labor market. Such developments led futurologists Daniel Yergin and Thane Gustafson, authors of the 1993 book *Russia 2010*, to write that "the new market economy…is developing in Russia much faster than is generally recognized." "Elements of Russian capitalism are already in place. Early in the next century, people may even be talking about 'a Russian economic miracle.'"

To a certain extent, the picture of unprecedented decline in the holdover Soviet economy and the rise of a vibrant new private and service economy are two sides of the same coin. Indeed, it would be fatal to the prospects of Russian economic reform if there were an increase or even a stabilization in state-run obsolescent industrial and military production. Yet the weakness of Russia's public institutions has undermined much progress that has been made. Most dramatically, organized crime has stepped into the breach of state authority and dominates the privatization of Russian industry, one of the most highly advertised success stories of the government. In what Bernard Guetta of the French daily *Le Monde* has termed the "biggest holdup in history," Russia's criminal "mafia," in combination with many in the old Communist elite, have taken over much of the economically valuable property in Russia. The consequences—such as massive capital flight—are far from helpful to the future productivity of the Russian economy. Russia's Tass-Krim press agency has reported that the Russian mafia "privatized between 50% and 80% of all shops, storehouses, depots, hotels and services in Moscow." According to Yeltsin adviser Piotr Filipov, who heads the Center for Political and Economic Analysis, criminal elements control 40,000 privatized enterprises and collect protection money from 80% of the country's banks and other private enterprises.

The pace of Russian reform has simultaneously destroyed the foundation of the Communist system in Russia (and by extension its ex-Soviet neighbors) *and* condemned it to a highly unstable pattern of political and economic development. The outcome, in the *best* case, is more likely to be a corrupt and highly (but inefficiently) state-regulated Latin American-style economy than a North American or West European model. This would not be a bad outcome in comparison to past Soviet and Russian history, but it won't lead to democracy or international stability for Russia and its neighbors. Even in the event of years of relatively successful economic development, the central Russian state will be in no position to recapture the position of its Soviet or imperial predecessor and thus will not be a significant geopolitical factor much beyond the borders of the former Soviet Union.

The state of the Russian military illustrates the point:

- the ratio of officers to enlisted men is 1.2:1, reflecting the rapid and chaotic

contraction of the ex-Soviet army in Russia (which is more than a million men under strength);

- there is very little political control over the armed forces;
- it took the Russian military one year to organize a force of 15,000 men to police the frontier of Tajikistan;
- military procurement has fallen catastrophically: whereas the Soviet Union produced 3,000 combat tanks in 1988, Russia produced 200 in 1993 (and probably purchased considerably fewer than that). Likewise, whereas in the early 1980s the Soviet Union produced 100 different types of military aircraft, in 1993 the Russian government purchased just 17 military aircraft of all kinds.

In consequence, the Russian ground forces are effective only for internal use or against a third-rate power. They lack the capacity to project power or to engage in sustained combat against a competent, modern military force, such as that of Turkey. The state of the Russian air force, and especially that of the navy, is much worse. Moreover, Russia's nuclear weapons (see Topic 2) serve an exclusively defensive deterrent purpose and do not translate into far-reaching international political influence for the Russian state.

Russia, in short, is far from being the superpower that the U.S.S.R. indisputably was. How, under these circumstances, should the U.S. formulate its policy toward a country that it has long thought of as its peer on the world stage? ■

Policy considerations

THE UNPREDICTABILITY of Russia means that the West can ill afford to base its foreign policies on particular assumptions about the course of Russian politics. The spectacular rise of extreme nationalist Vladimir Zhirinovsky, who has called for the restoration of the U.S.S.R. by any means possible, including nuclear war, underscores this point. (Zhirinovsky's misnamed Liberal-Democratic party garnered 24% of the vote on party lists in the December 1993 parliamentary elections and became the single largest faction in the Russian Duma, or parliament.) The international conduct of the Russian state, rather than the day-to-day course of domestic politics or policies, would better serve as the touchstone of Western policies toward post-Soviet Russia. In this regard, the critical question is how the West can make Russia understand that it must choose between its strong inclination to intrude in the affairs of the other CIS states and its desire for integration into the West. As long as Russia "wants in," the West has influence over it. But the West must first become serious about the Soviet successor-states and Eastern Europe—about the incentives for integration and the penalties for Russian intervention. It makes a great deal of difference whether the West, by its action or failure to react, encourages orderly Russian influence based on negotiated ties with its neighbors or a disorderly pattern of domination relying on force and arbitrary intervention, and thus leading to instability in the region and further afield.

With Moldova, Russia began the process of reestablishing a dominant position in the former Soviet area. It did so with the tacit acquiescence, if not approval, of the Western powers, including the U.S. The Russian Foreign Ministry and liberal democratic circles in Russia were concerned that their country would be condemned for its aggressive behavior in Moldova, Andranik Migranyan, a foreign policy adviser to Yeltsin, recently admitted. The West, however, feared that any strong response to Russia over the 14th Army's actions might be more than the ruling democrats could cope with, and therefore refrained from any serious actions against Russia; whereupon the Russian Foreign Ministry's position shifted. This lack of Western reaction also sent a powerful signal to the Moldovan leadership, and that government ultimately bowed to Russian pressure and agreed to join the CIS. Western failure to challenge Russian intervention in Moldova was thus a turning point in Russia's foreign policy. It disproved the liberal Russian argument that Russia would pay a price for violating internationally accepted principles of good conduct.

U.S. policy options

Before addressing the question of policy toward post-Soviet Russia, the American political leadership needs to determine broad U.S. international interests in the most fluid (and unthreatening) global environment this country has faced since its establishment as a world power at the turn of the present century. There are at least five options:

❑ **1. Extend democracy.** Should the U.S. primary interest be ideological, that is, encouraging the spread of democracy and judging relations with other states by the extent to which they observe American standards of human, political and civil rights? (See Topic 8.) If so, the U.S. would then be pursuing a policy without obvious limitations with respect to region and degree of economic, geopolitical or security interest involved. Furthermore, such an approach would make policy hostage to the instabilities of the scores of states around the world, including Russia, that are unlikely to meet established Western standards of governance any time soon. Such a policy, which has deep roots in the American tradition, might lead to such frustration that it could fuel a return to a more unilateralist (if not isolationist) foreign policy on the part of the U.S.

❑ **2. Promote economic and political integration.** Should the U.S. be primarily concerned with integrating the largest number of major powers, such as Russia, into the Western political-economic system? If so, then the government will have to be candid with its constituents about the economic costs of such a policy. If it is not, the early difficulties of integration—as seen in the case of German unification or opening Western markets to Eastern Europe—could lead to a dangerous backlash.

❑ **3. Maintain balance of power.** Should the traditional basic motivation of foreign policy—preventing a hostile power from dominating vital regions and indispensable resources—prevail? This was the reason behind the U.S. entry into World War II and the cold war. In the wake of the disintegration of the Soviet Union, that is no longer an issue, at least for the U.S. and its European allies. That fact greatly complicates the task of defining America's international interests in a world where the U.S. remains the leading but not uniquely dominant power.

❑ **4. Give priority to nuclear arms control.** Should nuclear arms control and disarmament remain a high priority, since Russia remains essentially the same nuclear power vis-à-vis the U.S. that the Soviet Union was? Certainly, this prob-

lem persists—at least the weapons persist—but under radically altered circumstances: at least one of the nuclear powers (Russia, and relatedly Ukraine and Kazakhstan) is a rather unstable state with inadequate domestic institutions, including poor civilian control of the military. (Russia, Ukraine, Belarus and Kazakhstan inherited the U.S.S.R.'s nuclear arsenal; the weapons themselves remain under the control of Russian forces.) How should nuclear arms control be approached under these circumstances? What price is the U.S. prepared to pay to assure itself of the state of Russian nuclear forces? For example, is it willing to submit its own nuclear arsenal and facilities to comprehensive inspection? (See p. 30.)

❑ **5. Uphold international order.** Might not the U.S. choose a policy of influencing the pattern of international political order? Such an approach, which would treat the Yugoslav wars or the behavior of the Russian military in Russia's near abroad as issues of international political order, requires painstaking diplomacy and a public base of support. The latter does not yet exist in the U.S. and politicians seem uninterested in cultivating it. Aside from the fact that the international conduct of states tends to be much more sensitive to external pressures and incentives than does their domestic behavior, the benefits of persistence—such as in the Middle East—are high. So, too, are the costs of negligence, as seen in the wars of Yugoslav succession.

CARTOONISTS AND WRITERS SYNDICATE

A middle course

To date, the U.S. under both the Bush and Clinton Administrations has chosen to focus on influencing Russia's long-term international behavior by seeking to help transform its domestic institutions in the short-term. In the process, the U.S. has avoided addressing Russia's current international conduct in the near abroad for fear of triggering a domestic reaction against the Yeltsin government.

Critics of Administration policy have urged a contrary policy, one that confronts a Russia they see as having lost its wager on reform at home and that is bent on a kind of "neo-imperialism" abroad, at least in its immediate vicinity.

There is a middle course: its advocates, while not indifferent to Russia's domestic prospects, seek to make Russia's international relations the touchstone of American policy. This course, which could potentially integrate the perspectives of both the Administration and its critics, seeks to make Russia choose, on a case-by-case basis, between its parallel interests in seeking a dominant position (if not hegemony) in the CIS and integration into Western economic and political institutions.

The cause of international order in Eurasia, of Russian reform, and even of the integrity of the Russian state itself requires that Russia and its neighbors observe restraint and mutual respect in their relations with each other. They must avoid commitments that their already weak economies and political systems cannot support. Their failure to make such an effort would have three consequences:

- It would vastly complicate the management of a stable new order in Eastern Europe and the CIS.
- It would reinforce, rather than deter, extreme nationalist and reactionary forces in Russia who have been arguing that it can press its neighbors near and far without the West responding.
- It would overwhelm a Russian state which, for the foreseeable future, does not have the capacity to sustain ambitious international commitments.

The price of 'success'

In his recent book *Diplomacy*, former Secretary of State Henry A. Kissinger remarks on the parallels between British arguments in favor of financial and diplomatic support for Weimar Germany, a struggling democracy in the 1920s, and "American propositions regarding aid to Russia in the Yeltsin period." In neither case, Kissinger notes, "was there an assessment of the consequences of the 'success' of the policy being advocated." Just as a strengthened Germany, whether ruled by an Adolf Hitler or a more moderate German leader, would "be in a position to threaten the equilibrium of Europe," so would a Russia strengthened by post-cold-war international aid programs "produce geopolitical consequences all around the vast periphery of the former Russian Empire." Kissinger concludes: "America was farsighted in offering aid to post-cold-war Russia; but once Russia recovers economically, its pressure on neighboring countries is certain to mount. This may be a price worth paying, but it would be a mistake not to recognize that there is a price."

That there is such a price, how high it might become, and whether the U.S. is really prepared to pay it, are questions that Americans must ask and debate if their government is to arrive at a durable long-term policy toward post-Soviet Russia. ■

DISCUSSION QUESTIONS

1. How has the disintegration of the Soviet Union affected Russia's international status and role?

2. How has the Soviet breakup affected the international interests of the U.S.? How would you characterize this country's principal interests: to extend democracy? integrate all the major powers, including Russia, into the Western economic and political system? control nuclear arms and pursue disarmament?

3. In its relations with post-Soviet Russia, should the U.S. place primary emphasis on influencing Russian domestic policies (such as economic and political reform)? Or should the U.S. pay more attention to Russia's behavior abroad, including its ties with its former Soviet neighbors?

4. Is an evenhanded U.S. policy toward the former Soviet republics realistic given Russia's economic and geopolitical weight in central Eurasia? What are the likely consequences of a Russia-focused policy?

5. Does the collapse of the U.S.S.R. call for a different approach to nuclear arms control? What degree of international control of U.S. nuclear forces and facilities would be acceptable in order to establish such control over Russia's nuclear establishment?

6. Would you be willing to see the U.S. accept a degree of political, economic and military responsibility for encouraging stable relations between Russia and its ex-Soviet neighbors? Should American soldiers be included in UN peacekeeping units on former Soviet territory? If so, under what circumstances? If not, why not?

7. How would the reestablishment of Russian dominance in the territory of the former Soviet Union affect U.S. relations with Russia? Would it make a difference if such dominance were established through cooperative as distinct from coercive means?

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CENTER FOR POST-SOVIET STUDIES (formerly called CENTER FOR THE STUDY OF SOVIET CHANGE), 2 Wisconsin Circle, Suite 410, Chevy Chase, Md. 20815.; (301) 652-8181. ■ A nonprofit, nonpartisan organization, the center promotes debate on developments in the region of the former Soviet Union. Its agenda includes nuclear proliferation, ethnic conflict, health and environment and U.S.-Russian scientific and technical cooperation. The center publishes a journal, **Perspectives on Change,** and reports.

CITIZENS DEMOCRACY CORPS (CDC), 1735 I St., N.W., Suite 720, Washington, D.C. 20006; (202) 872-0933. ■ A private, nonprofit organization that mobilizes U.S. private-sector expertise and resources to assist countries of Central and Eastern Europe and the former Soviet Union. Its services include a data bank, a volunteer registry and periodic conferences.

HARRIMAN INSTITUTE, Columbia University, 420 West 118th St., New York, N.Y. 10027; (212) 854-4623. ■ The institute specializes in teaching and research on the former Soviet Union and also offers public affairs programs. It publishes **The Harriman Review,** a quarterly.

ISAR (formerly called INSTITUTE FOR SOVIET-AMERICAN RELATIONS), 1601 Connecticut Ave., N.W., Suite 301, Washington, D.C. 20009; (202) 387-3034. ■ Dedicated to improving conditions for people in the former U.S.S.R., ISAR serves as a clearinghouse that provides information and answers questions from organizations, individuals and the press.

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TOPIC 3

Russia and Its Neighbors

ISSUE A. *The principal criterion governing U.S. relations with Russia should be (choose one):*

- ❑ 1. Russia's internal economic and political development.
- ❑ 2. Russia's international conduct.

ISSUE B. *In its relations with Russia, the U.S. should (choose one):*

- ❑ 1. Continue the policy of economic assistance and diplomatic cooperation.
- ❑ 2. Cut back economic assistance and take a tougher stance.

First three digits of your zip code: ___ ___ ___

Date: / /1995 *Ballot continues on reverse side...*

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TOPIC 4

Middle East

ISSUE A. *Regarding policy toward the Middle East, the U.S. should:*

	YES	NO
1. Isolate, not cultivate, Syria until it renounces terrorism and respects human rights.	❑	❑
2. Support Palestinian statehood.	❑	❑

3. Other, or comment _____

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OPINION BALLOTS

ISSUE C. *If Russia attempts to dominate the territory of the former Soviet Union, the U.S. should return to a policy of containment.*

- ❑ 1. Agree.
- ❑ 2. Disagree.

ISSUE B. *In return for a comprehensive peace settlement, the U.S. should be willing to provide financial aid to:*

	YES	NO
1. Israel.	❑	❑
2. The Palestinians.	❑	❑
3. The Arab states.	❑	❑

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Middle East: lasting steps to peace?

Israel has signed peace agreements with Egypt, the Palestinians and Jordan. Will Syria be next? What can the U.S. do to speed the peace process?

by Lawrence G. Potter

AFTER A CENTURY of tension and conflict in the Middle East, first between Arab nationalists and Zionists, and later between Palestinians and Israelis, peace is in prospect for the first time. In 1993 the leaders of Israel and the Palestinians finally acknowledged each other's existence and committed themselves to negotiating, not fighting over, future relations. In 1994, Israel began yielding control of territory to a newly constituted Palestinian National Authority (PNA). Under its direction, Palestinians are poised to expand their control throughout the West Bank of the Jordan River. The Israeli-Palestinian agreement was the most promising step toward peace since Israel normalized relations with Egypt in 1979. A peace treaty between Israel and Jordan followed last October. The Middle East peace process is clearly back on track, and despite obstacles there seems no turning back.

Why have these achievements come now, after decades of struggle that sparked five regional wars? The answer is that the international situation has changed in the past few years, and this has had important domestic repercussions. With the end of the cold war and the collapse of the Soviet Union, the strategic importance of the Middle East has been greatly lessened. Local leaders, who can no longer count on military and economic backing from the two superpowers, realize that they must begin solving their own economic and social problems and address their citizens' growing demands for political participation.

The Persian Gulf war of 1990–91 exposed divisions between Arab states and led them to pursue openly their own interests. The war also unleashed hostility toward the Palestinians, notably Yasir Arafat, leader of the Palestine Liberation Organization (PLO), who sided with Iraq. The PLO faced a severe economic squeeze after the war as contributions from erstwhile backers such as Saudi Arabia and Kuwait dried up. At the same time, the continuing *intifada*, or uprising, against Israeli rule in the occupied territories, which broke out in December 1987, had convinced many Israelis that the costs of holding on had become too great. Both sides were under pressure to negotiate, and talks speeded up after the Labor government of Prime Minister Yitzhak Rabin took office in July 1992.

Milestones in peace process

The changed circumstances in the Middle East, coupled with strenuous U.S. diplomatic prodding, led to a number of major breakthroughs. First was the Middle East peace conference in Madrid, Spain, in October–November 1991, at which leaders of Israel, Syria, Egypt, Jordan, Lebanon and the Palestinians sat down together for the first time and sketched their version of peace. That conference set in train a process of bilateral and multilateral talks to work out the details of the peace process.

By 1993, both Israeli and Palestinian leaders feared that time for negotiations was running out. If they did not strike a deal soon, the rising influence of extremists, such as Hamas among Palestinians and hardline settlers among Israelis, would prevent them from doing so. Secret Norwegian-mediated negotiations that summer led to the landmark Declaration of Principles on Interim Self-Government Arrangements signed by President Bill Clinton, Arafat and Rabin on the White House lawn on September 13. The declaration called for a five-year period of limited autonomy for Palestinians in the occupied territories and, after local elections, negotiations for a permanent settle-

AFTER THE SIGNING *of the Israeli-Palestinian peace accord, PLO Chairman Yasir Arafat and his deputy, Mahmoud Abbas, shake hands as (l. to r.) Israeli Foreign Minister Shimon Peres, Russian Foreign Minister Andrei Kozyrev, Israeli Prime Minister Yitzhak Rabin, President Clinton and Secretary of State Warren Christopher look on.*

LAWRENCE G. POTTER, *a longtime contributor to* Great Decisions, *holds a Ph.D. in Middle Eastern history from Columbia University and is currently teaching at the State University of New York at Stony Brook.*

ment. If and when Palestinians will achieve their goal of statehood, and Israelis theirs of security, are key questions yet unanswered. The handshake between the two longtime antagonists was a moment that galvanized people of the Middle East and the world over, and led to a Nobel Peace Prize for Arafat, Rabin and Israeli Foreign Minister Shimon Peres.

There has been steady progress since then, even if some deadlines have been missed. Last May, the parties agreed on the final details for self-rule in Gaza and Jericho. This led to the pullout of the Israeli army after 27 years of military occupation and the installation of a Palestinian government, protected by a police force made up of Arafat loyalists. Many were not sure Arafat would be able to make the transition from guerrilla leader to civic administrator and feared that his autocratic methods would frustrate widespread demands for democracy. He also seemed unable or unwilling to control Hamas, which launched a campaign of violence against the accords, jeopardizing future Israeli concessions on the West Bank.

The key to peace as far as Israel is concerned is the establishment of normal relations with its Arab neighbors. Here events have moved swiftly. On October 26, 1994, Israel and Jordan signed a peace treaty formally ending the state of war that had prevailed between them for 46 years. The next step, and the most difficult one, is normalization of relations with Syria. The price Syria demands for peace is Israel's total withdrawal from the Golan Heights, which it captured in the 1967 war.

End of illusions

The peace train suddenly started moving, according to Abba Eban, former Israeli foreign minister, "because the Palestinian and Israeli leaderships have awakened from illusions." The Arab illusion was that Israel could be destroyed; Israel believed that it could rule indefinitely over a disgruntled people in captured territories. Even tragic incidents, such as an Israeli settler's massacre of 29 Palestinians in Hebron in February 1994, or a bomb blast set off by Hamas in a Tel Aviv bus on October 19 that killed 23 people, could not derail it.

In its Middle East diplomacy the Clinton Administration has scored a foreign policy success. Secretary of State Warren Christopher has demonstrated a commitment to peace by his repeated travels to the region, and Clinton himself made an election-eve visit to Damascus, Syria's capital, last October in hopes of speeding the negotiations. Yet faced with so many world crises, what priority should the U.S. give to the region? How much influence does the U.S. have, and how much is peace in the Middle East worth? The price that the U.S. will be called on to pay has not yet been determined, but will surely be substantial. Before providing financial aid, should the U.S. insist that recipients promise to implement democracy and respect human rights? What attitude should the U.S. take toward Syrian President Hafez Assad, who is accused by the U.S. State Department of supporting terrorism?

Since September 1993, the clock has been ticking toward a final settlement. Elections in the occupied territories, originally scheduled for July 1994 and then postponed, should lead to the extension of Palestinian control throughout much of the West Bank. "Final status" negotiations—to decide the fate of Jerusalem and the momentous issue of statehood—are to begin in principle by December 1996 and be concluded within two years. However, their starting date could be delayed.

The Middle East peace process has always been hostage to domestic politics, especially in the U.S. and Israel. National elections scheduled in Israel by June 1996 and the U.S. in November 1996 set the time frame for action: 1995 will be a crucial year to consolidate peace, for afterward, both countries' leaders will be preoccupied with elections. Syria's president likewise realizes that his best chance for a deal is now, because if the conservative Likud bloc returns to power in Israel, negotiations will be much more difficult, if not impossible.

The Arab-Israeli conflict has been transformed in the last few years. Although many details remain to be worked out, both sides have decided to take risks for peace that bring new hope to a troubled region, perhaps along with new responsibilities for the U.S. ■

ABBREVIATIONS

PLO	**Palestine Liberation Organization**
PNA	**Palestinian National Authority**
Unrwa	**United Nations Relief and Works Agency for Palestine Refugees in the Near East**

Palestinians and Israelis

PALESTINIANS AND ISRAELIS both claim the territory between the Mediterranean Sea and the Jordan River as their ancestral home. Each has known the loss of this homeland and has been sustained by the dream of reclaiming it. For two millennia, Jews have longed to return to the Land of Israel. In the 20th century, Palestinians have demanded their own state in areas where they constitute a majority. Painfully aware of their own tragic histories, many Israelis and Palestinians have been oblivious to the others' suffering.

The names Israel and Palestine both come from people who entered the area around the 12th century B.C. According to the Bible, God promised the land to Abraham and later led the Jews (who referred to themselves as the Children of Israel) out of bondage in Egypt to safety in the Land of Canaan. As Jews took over the interior, the Philistines, a people of Greek origin, settled on the coastal plains. The word Palestine is derived from them. After 1000 B.C., the Jews subjugated the Philistines and others and gained control of the area. They held power on and off for the next millennium. In A.D. 66, the Jews revolted against Roman rule, but their rebellion was crushed and their temple destroyed in A.D. 70. The Romans later destroyed Jerusalem, and, in an effort to sever the Jews' link with the land, renamed the territory Syria Palestina, after the Jews' traditional enemies. Most surviving Jews were sold into slavery or otherwise scattered throughout the Roman world.

Most of the population of Palestine converted to Islam after the Arab conquest in A.D. 637. In the Middle Ages, Christian crusaders from Europe fought to regain the Holy Land from the Muslims. They established short-lived Crusader kingdoms, the last of which succumbed in A.D. 1291. The Ottoman Turks, based in

Istanbul, captured Palestine, then part of the province of Syria, early in the 16th century and held it until World War I.

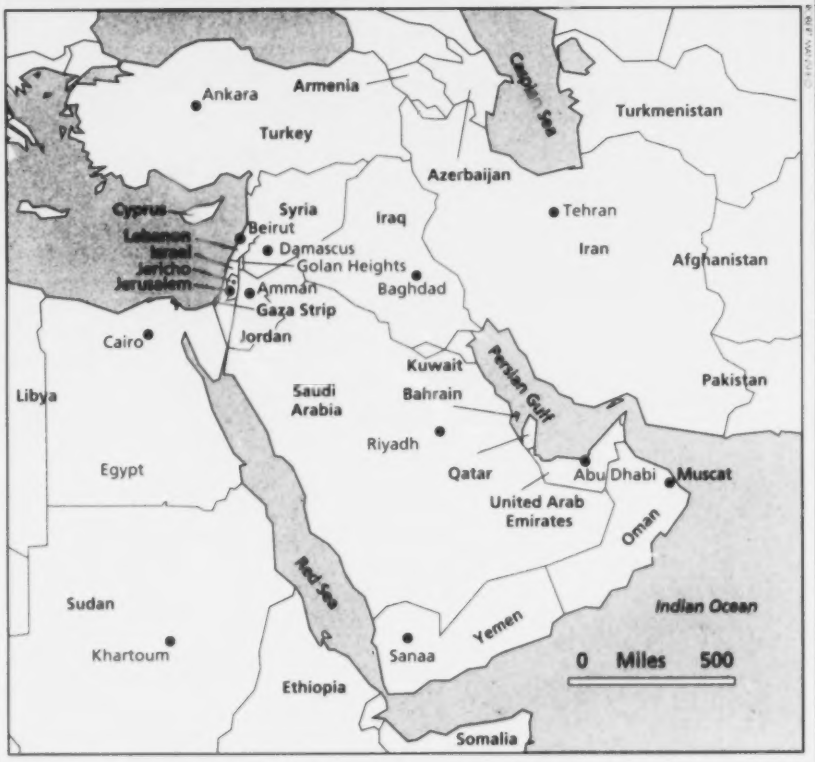
The political contest for Palestine began in earnest in the late 19th century as Jews and Arabs were both affected by the tide of nationalism sweeping Europe. Theodor Herzl (1860–1904), a Hungarian Jewish journalist living in Vienna, Austria, was one of the founders of modern political Zionism. (Zion is Jerusalem.) Herzl made an appeal for a return of the Jews to Palestine at a time of virulent anti-Semitism, manifested by the Dreyfus Affair in France (1894–1906) and the pogroms of czarist Russia. The Zionist dream was summed up by the phrase, "a land without a people for a people without a land." The problem was that the ancestral land of the Jews was not uninhabited. By 1914, about 85,000 Jews lived in Palestine alongside some 600,000 Arabs, both Muslim and Christian.

The Balfour Declaration

During World War I, Britain promised to support the creation of an independent state or states in the Ottoman-controlled portions of Arab lands if the Arabs would revolt against the Turks. The Arabs, led by Sharif Hussein of the Hijaz (in present-day Saudi Arabia), agreed. This promise conflicted, however, with later commitments the British made. Foreign Secretary Arthur James Balfour promised in 1917, "His Majesty's Government view with favor the establishment in Palestine of a national home for the Jewish people,...it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine...."

The Balfour Declaration, a masterpiece of equivocation, did endorse the Zionist desire for a homeland, but it did not promise to transform Palestine into a Jewish state. After all, most of the inhabitants were not Jewish. Satisfying the competing claims of Arab and Jew to the same land has proved impossible ever since.

After the war, Britain and France carved up the Arab portions of the Ottoman Empire into "mandates," in effect colonies, which were technically supervised by the League of Nations. The mandate for Syria (including present-day Lebanon) was awarded to France and that for Iraq and Palestine (including present-day Jordan) to Britain. The mandates for Syria and Iraq were intended to prepare those countries for independence, but the Palestine mandate was designed to accommodate Zionist goals as well as bolster Britain's strategic position in the Middle East.



UNDER THE TERMS *of the Israeli-Palestinian peace accord, Palestinians enjoy limited self-government in the Gaza Strip and Jericho. Israel occupies the rest of the West Bank and the Golan Heights, which Syria lost in the 1967 war.*

By World War I, a feeling of Arab nationalism was developing which intensified after the destruction of the Ottoman Empire. Arabs in Palestine revolted in 1920, protesting that Britain had gone back on its promise to support their right to self-determination. Zionists were also unhappy, because by creating the Emirate of Transjordan in 1921 in the part of Palestine east of the Jordan River, Britain reduced the territory available for a Jewish homeland. In the 1930s, as more Jews immigrated to Palestine to escape Nazi persecution, Jewish-Arab relations worsened. In 1936, Arabs held a six-month general strike, followed by a rebellion which lasted until 1939.

That year Britain, which wanted to forestall Arab hostility during the anticipated war with Germany, announced the ending of its mandate in 10 years, if conditions permitted. Jewish immigration would be strictly limited and restrictions placed on land purchases. The Jews felt betrayed, especially since the 1937 Peel Commission, sent by Britain to examine the causes of the Arab strike, had recommended partition, with a small portion of Palestine allotted for a Jewish state.

Israel's birth

After World War II the British announced their intention to leave Palestine, and Jewish and Arab terrorist activity there increased. Britain turned the problem over to the United Nations, which in November 1947 passed a resolution partitioning Palestine into independent Arab and Jewish states. The area around Jerusalem was to become an international zone administered by the UN as a permanent trusteeship. The Zionists accepted and the Arabs rejected the plan as civil war broke out.

Israel declared itself a sovereign state on May 14, 1948. The following day Arab armies from Transjordan, Syria, Lebanon, Iraq and Egypt invaded, with token forces from Saudi Arabia. The Israelis prevailed due to their tactical skills (sharpened by wartime service in the British army), the lack of an effective

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Arab command and poor morale among Arab armies. Israel extended its control to 78% of the territory, much more than it would have received under the UN plan. Armistice agreements but not peace treaties were concluded between Israel and some neighboring Arab states after the war.

The war resulted in major population shifts. In 1947, the Arab population in Palestine was estimated at 1.3 million and the Jewish population at 650,000. After the war, the Jews constituted about three quarters of the population in the part of Palestine that became Israel. About 133,000 Arabs remained and became Israeli citizens, and an estimated 600,000 to 760,000 became refugees. The largest number fled to the West Bank, which King Abdullah (the son of Sharif Hussein) annexed to Transjordan (i.e., the East Bank) to form the new state of Jordan. The rest went to Gaza, occupied by Egypt in 1948, and to other Arab countries, especially Lebanon and Syria.

Arab-Israeli conflict

The conflict between Jews and Arabs that had been confined to the Palestine Mandate was now transformed into a conflict between the state of Israel and its Arab neighbors. Many Palestinians suddenly found themselves homeless refugees. Arab governments did not want to integrate them into their own countries for political and economic reasons, and most Palestinians did not want to be assimilated, lest their demand for a homeland be forgotten. Many Palestinians ended up in refugee camps, where they were cared for by the UN Relief and Works Agency for Palestine Refugees in the Near East (Unrwa). But they never forgot their ancestral homes.

The six-day war in June 1967 was a political turning point for the Middle East. Provoked by Egypt's closure of the Strait of Tiran, Israel's outlet to the Red Sea, and growing war fervor among the Arab states, Israel launched preemptive air strikes against them. Israel delivered a humiliating blow to the Egyptian, Jordanian and Syrian armies and tripled the size of its territory. Israel captured the West Bank (including East Jerusalem) from Jordan; the Gaza Strip and Sinai from Egypt; and the Golan Heights from Syria. Over 200,000 refugees, including many Palestinians who had taken refuge on the West Bank in 1948, fled to Jordan.

UN Security Council Resolution 242 of November 1967 provided a blueprint for peace. Under it, Israel would give up "territories" it had captured in June 1967 in return for recognition by its Arab neighbors of its right to live in peace within secure boundaries. Arabs argue that *all* the territories should be relinquished whereas many Israelis insist parts of the West Bank or Golan Heights should be retained on the grounds of security or historic right.

The sense of frustration and despair that was widespread among Arabs after 1967 was particularly acute among Palestinians. With their hope that the Arab states could restore their homeland crushed, they became more militant under the leadership of the PLO. Founded in 1964 and led since 1969 by Arafat, the PLO carried out terrorist acts to publicize its cause. The turn to terrorism boosted morale among Palestinians, but did not threaten the survival of Israel.

In the wake of the October 1973 war (in which Israel prevailed following a surprise attack by Egypt and Syria), the PLO cultivated a more moderate image. In October 1974 a majority of Arab states designated the PLO as "the sole legitimate representative of the Palestinian people." But the PLO, expelled from Jordan in 1970–71, experienced difficult times after the Israeli army forced it out of Lebanon in 1982. Its top officials, exiled to Tunisia, were increasingly out of touch with the situation in the West Bank and Gaza Strip.

Mounting frustration in the occupied territories, compounded by the Palestinians' sense that they had been abandoned by their Arab brethren, led to an explosion. On December 8, 1987, spontaneous demonstrations broke out in the occupied territories after an incident in which four Palestinian workers were killed by Israeli troops in a traffic accident. This quickly developed into a general revolt against Israeli rule.

The PLO was taken by surprise by the outbreak but moved to assume leadership of the revolt, or intifada, before extremists gained the upper hand. The decision of Jordan's King Hussein in July 1988 to relinquish claims to sovereignty over the West Bank added to the pressure on the PLO to negotiate. In a breakthrough in December 1988, Arafat explicitly recognized Israel's right to exist, accepted UN resolutions 242 and 338 (which called for an exchange of land for peace) and renounced terrorism.

The Gulf war and aftermath

The war in the Persian Gulf in early 1991, touched off by Iraq's invasion of Kuwait, profoundly affected the Palestinian community. In retaliation for widespread support for Iraq among Palestinians, some 300,000 Palestinians were forced out of Kuwait and the Gulf states. Many fled, destitute, to Jordan. The 1.7 million Palestinians living in the West Bank and Gaza Strip, meanwhile, were prevented by curfews from entering Israel, and their living conditions were increasingly precarious.

In the war's aftermath, the fortunes of the Palestinians seemed at a nadir. With Arafat widely reviled, other Palestinians from the territories emerged as nascent negotiating partners with Israel. These "more moderate" Palestinians, however, made no secret of their allegiance to the PLO. After much debate, and with few other alternatives, the PLO agreed to participate in the 1991 Madrid peace talks. Their aim, as always, was obtaining statehood; the Israeli government remained opposed to statehood but wished to end the intifada. For almost two years little further progress was made due to foot-dragging by the Shamir government and the reluctance of both sides to make significant concessions.

The Washington declaration

When the Labor government took power in Israel in July 1992, prospects for negotiation brightened. Labor, unlike its predecessor, the Likud, was ready for territorial compromise. Israeli leaders had come to the realization that only the PLO had the prestige to impose a settlement on Palestinians. A series of secret meetings led to the historic reconciliation in Washington in September 1993. The acceptance of partition, rejected by many Palestinians and long resisted by the Likud government, now looked inevitable.

The accord called for a five-year period of transition during which a final settlement would be negotiated. Under its terms, Israeli forces withdrew from the Gaza Strip and the West Bank town of Jericho as a Palestinian police force assumed control. Last August, Israel agreed to hand over authority for education, health, tourism, tax collection and social services. The Palestinian national anthem was sung and the Palestinian flag—long banned in Israeli-controlled territory—was saluted in West Bank schools last

fall. The transfer of the remaining spheres of authority, however, was expected to be delayed until the end of 1994 due to a lack of funds.

Israel has retained extensive powers, including responsibility for external security, settlements and foreign relations. Israel has also delayed giving the go-ahead for elections for a ruling Palestinian council, since it is first obliged to pull back its troops and believes the safety of Israeli settlers cannot yet be assured. During times of tension the Israeli government has temporarily sealed off the territories, preventing 60,000 Palestinians from reaching jobs in Israel. Arafat has denounced this as a form of collective punishment, but some Israelis believe that only by separating the two peoples can they have real security. Some Israelis believed their government was ready to yield land that properly belonged to them. They regarded the PLO as an untrustworthy negotiating partner which could not control, let alone foster progress in, the occupied territories.

Some Palestinians dismissed the agreement as "largely a matter of mood and atmospherics." In the words of Professor Rashid Khalidi of the University of Chicago, "this accord can be described as no more than an agreement to agree." With the final outcome of negotiations uncertain, many Palestinians feared that the small areas vacated by Israel might be all they would get. The agreement did not address crucial issues such as the borders between Israel and Arab states, the right of refugees to return, the issue of Palestinian statehood or the status of Jerusalem. But the majority of Israelis and Palestinians were inclined to give peace a chance, for they saw no alternative.

One source of tension is Arafat himself, who is accused of being too autocratic and refusing to delegate authority. Palestinians in the territories have long been exposed to Israeli democracy and are demanding no less for themselves. Another obstacle is Islam-inspired militant groups, such as Hamas and Islamic Jihad, which oppose the Israeli-Palestinian accord. They have attacked Israeli soldiers and civilians, as well as Arafat supporters. In November, anti-Arafat Palestinian protesters in Gaza were gunned down by Palestinian police, leaving at least 12 dead and as many as 200 wounded. The clash, which brought Gaza to the brink of civil war, was the most serious challenge yet to Arafat.

The PLO is counting on outside assistance as tangible evidence that its agreements with Israel will provide concrete benefits. Although the international community has pledged to provide $2.4 billion over a five-year period, by late 1994 less than $100 million had been disbursed. More will not be forthcoming until the PLO gets its economic house in order.

Although the key issue for the Palestinians is that of statehood, other "final status" issues to be resolved during the final period of negotiations to begin by December 1996 include:

■ **Jerusalem.** Since the capture of the eastern portion of the city from Jordan in the 1967 war, Israeli governments have insisted that a united Jerusalem must remain under its sovereignty. Palestinians have responded with equal force that East Jerusalem is an Arab city and must be the capital of their state. (The U.S. has never recognized Israeli annexation.)

Jerusalem has long been regarded as the most intractable and emotional issue. It is only partly a religious one: for Jews, Jerusalem is the holiest site; for Muslims, it is second only to Mecca and Medina. Jerusalem is also a political issue. Thus Arafat denounced the peace treaty between Israel and Jordan because in it Israel acknowledged the "historic role" of Jordan's King Hussein as guardian of the Islamic shrines in Jerusalem. This undermines Arafat's and Palestinians' claim on the city.

■ **Refugees.** Palestinian refugees demand the right to return to their former homes, or at least to receive compensation for them. Israelis fear an influx that could alter the Jewish nature of the state. The status of the refugees who left in 1948 and their descendants—2.8 million people, according to the UN—is not covered in the agreement. Those who left in 1967 may have a case for return. Palestinian estimates put these at 800,000 while Israeli figures suggest 250,000. Whatever the true number, many now have roots in other countries and will probably not want to return.

■ **Settlements.** There are some 130,000 Jewish settlers in the occupied territories at present and Palestinians want further settlement activity to stop. Many Israelis live in the territories because of cheap housing, tax relief and educational benefits, not for ideological reasons, and would probably respond to economic incentives to return.

■ **Security arrangements.** One reason the PLO accepted the accord was Israeli willingness to allow a Palestinian security force to take control in the designated areas. The size and strength of any future force, the nature of its arms, and its relationship with Israeli forces are subjects of great Israeli concern. ■

JERUSALEM: PALESTINIAN AND JEWISH *peace activists march together shortly before the signing of the 1993 peace accord.*

Israel and its Arab neighbors

EVER SINCE THE FOUNDING of Israel, Arab governments have maintained that a just settlement of the Palestinian problem was their regional priority. The dream of many Palestinians, and the premise that has long dominated Arab discourse, is that they would be allowed to return to their former homes. The large numbers of refugees have been a constant reminder of the region's unfinished business.

The idea of "revolution until victory" promoted by the PLO has now been abandoned. Most countries of the region considered the 1993 Declaration of Principles as the best hope for a solution. A Jordanian newspaper columnist, Fahd al-Fanek, put it this way: "Those who reject peace must offer an alternative, which can only be war. Otherwise they seem to advocate further delays and paralysis for a few more decades with no obvious benefit. Paralysis only means that we would be negotiating tomorrow for gains we could have taken for granted decades ago. Wars have proven catastrophic for the Arab world. Call it a new mind-set; call it realism. These are the new facts of life."

Settlement of the issues that divide Israelis and Palestinians is closely linked to that of normalizing Israel's relations with neighboring Arab states. There is a basic asymmetry in the bargaining structure, though, notes Mark A. Heller of Tel Aviv University: "The Palestinians can get most of what they seek from Israel, but they can provide no more than a small part of what Israel looks for. Most of the benefits Israel anticipates can only come from the Arab states." The main benefits Israel seeks are the reduction or elimination of the security threat, the end of the economic boycott, reciprocal recognition and the exchange of diplomats. Recently Israel established low-level diplomatic ties with Morocco and Tunisia. In September 1994, six Persian Gulf states (including Saudi Arabia and Kuwait) announced they were abandoning parts of the Arab boycott of Israel in effect since 1948. Although they still refrain from dealing directly with Israel, they will no longer boycott companies that do business with it either directly or through third parties.

The most crucial relations for Israel to resolve are with the states it borders: Jordan, Syria and Lebanon.

Jordan. Jordan is an accidental country, whose borders were drawn by the British after World War I and whose size doubled after World War II with the annexation of the West Bank. The ruling Hashemite family, imported by the British from the Arabian peninsula, developed a constituency among the Bedouin of the East Bank. King Hussein, who has been on the throne since 1952, is considered an astute ruler, yet he is now laying the groundwork for a political future in which the survival of the monarchy is in doubt. Worries about the succession have increased since Hussein publically acknowledged in 1992 that he had cancer. Although the king has assured his subjects, "Jordan did not begin with me, and it will not end with me," others are not so sure.

The overriding struggle in Jordan today is between competing nationalisms—one Jordanian, the other Palestinian. With over half of Jordan's 4 million people of Palestinian extraction, they threaten to overwhelm their hosts and turn Jordan into what some claim it already is: a Palestinian state.

King Hussein has long been a champion of the Palestinian cause, and Jordan alone grants refugees citizenship. Yet the presence of two major, potentially hostile blocs has led to serious tensions in the past, including a bitter civil war with PLO guerrillas in 1970. (It should be noted that many Palestinians supported King Hussein.)

By staying neutral during the Persian Gulf war and voicing sympathy for Iraqi President Saddam Hussein, Jordan aroused the anger of the West and the enmity of the Saudis and Kuwaitis. But it raised the king's popularity at home, which helped him ride out some of the economic costs of defiance, which were substantial. (With few natural resources, save phosphates, and no oil, Jordan is dependent upon outside aid.) At the outbreak of war, Iraq supplied 85% of Jordan's oil requirements, owed Jordan hundreds of millions of dollars, and employed many Jordanians. Afterward, Jordan's oil supply was cut off, remittances from Palestinians dried up, tourism was dead and the major port of Aqaba was stilled. Jordan's serious economic problems are compounded by a high birthrate, and now a flood of Palestinian refugees.

The Washington declaration of 1993 took Jordan by surprise. The king feared that the PLO deal with Israel would marginalize Jordanian influence and hurt the country economically. He therefore acted swiftly to normalize relations. On July 25, 1994, at a warm White House ceremony, King Hussein and Prime Minister Rabin agreed to make peace; three months later they signed a formal treaty. At that time they settled long-standing differences over land and water rights and pledged not to allow third parties to launch attacks against the other from their territory. Normalizing relations with Israel was a crucial step to the Hashemite monarchy as well as Jordan. Meanwhile, Jordan is back in U.S. favor, and when Iraqi troops menaced Kuwait last October, King Hussin was quick to condemn them.

Syria. The cooperation of Syria is essential to a comprehensive Middle East peace. If Israel withdraws totally from the Golan Heights, Syria's President Assad assured President Clinton in Geneva in January 1994, Syria is ready for "normal, peaceful relations." He proclaimed, "We are ready to sign peace now. In honor we fought, in honor we negotiate, and in honor we shall make peace." Since the summer of 1994, Washington has detected a shift in Syria's public diplomacy. For example, Syrian media had live coverage of the signing of the accord between Israel and Jordan. After years of reference in its media to the "Zionist entity" or the "evil enemy," Israel is now called by name.

Such a policy shift is being forced on Assad by changed international and regional circumstances. With the loss of his major benefactor, the Soviet Union, and the stronger U.S. influence in the region, Assad knows that he cannot afford to continue Syria's costly confrontation with Israel. Syria signaled its new, friendlier tone to the West by joining the allied coalition against Iraq. In return for its support, Syria was rewarded with financial aid from the Persian Gulf states,

The occupied territories

Gaza. The Gaza Strip, 25 miles long and 4 to 9 miles wide, is one of the most densely populated regions on earth. About 830,000 people live there, three quarters of whom are refugees from the 1948 war or their descendants. The frustration and deprivation of Gazans, coupled with the apparent indifference of the outside world, has fueled resistance movements, especially Hamas and Islamic Jihad.

Gaza's problems are above all economic: although famous for citrus fruits, it has little industry and its infrastructure is crumbling. Before the intifada, about two thirds of the work force held jobs in Israel. Many fewer do now, and they complain of low wages and bad treatment by their employers. Job security remains precarious due to the border closings. In 1992, per capita income was only $1,310 per year as opposed to $2,175 in the West Bank and $10,878 in Israel proper.

With the Israeli occupiers removed, Gazans can go for a barbecue at the beach, leave home without their ID cards and stroll around all night since there is no longer any curfew. Some women are even removing head scarves that had become a symbol of protest against the occupation.

Arafat now makes his home in Gaza. But unless the PLO can deliver tangible improvements soon, tensions will grow. "The combination of severe economic deterioration, gross insecurity, rapidly eroding living conditions, and continued political uncertainty has introduced dynamics that now threaten civil society in Gaza," according to Sara Roy, a visiting scholar at Harvard University.

Golan Heights. The Golan Heights is a 45-mile-long fertile plateau that stretches from the Sea of Galilee in the south to the slopes of Mt. Hermon on the Lebanese border. Syrian territory until 1967, the Golan Heights is not considered part of Palestine or the Land of Israel. About 130,000 people lived there before the war. Today there are some 35 Israeli settlements with 13,000 settlers.

With an average elevation of 2,000 feet, the Golan Heights overlooks northeastern Israel. It also contains the headwaters of the Jordan River. Between 1948 and 1967, Israel and Syria clashed in the demilitarized zones along the common border, with Syria shelling Israeli settlements below in response to Israeli attempts to encroach on the disputed lands. After the Golan Heights' capture, many Israelis vowed not to let it fall again into Syrian hands. During the 1973 war, Syrian forces reentered the Golan Heights. A U.S.-brokered 1974 agreement separated the combatants and assured Israel that the Golan Heights would not be used to stage guerrilla attacks on its territory. Since then the border here, patrolled by UN peacekeepers, has been quiet.

The Likud government formally annexed the Golan Heights in December 1981, an act denounced by the Reagan Administration and the UN Security Council. Syria regards the Golan Heights as an inalienable part of the state that is not subject to negotiation. "Politically speaking, no Syrian leader is likely to accept less than Egypt has accepted: total Israeli withdrawal in return for total peace and mutual and symbolically balanced security arrangements," cautions Professor Muhammad Muslih of Long Island University.

Giving up the Golan Heights is difficult for many Israelis to contemplate, since they have long been told that it is vital to their security. But Rabin stated in April 1994, "To me, peace is a more important value for the security and future of Israel than this or that group of settlements." In September 1994 Rabin publicly disclosed a timetable for a "very slight" withdrawal over a three-year period, but he had previously promised that this "painful price" would only be paid after a national referendum.

West Bank. The land to the west of the Jordan River, about 2,270 square miles, is commonly referred to as the West Bank. The Likud government (1977–92) called it by the Biblical names of Judaea and Samaria. The region, which includes East Jerusalem, is the prime focus of Palestinian aspirations for an independent state.

King Abdullah of Transjordan, who had conquered most of the West Bank in 1948, formally annexed it in April 1950. He renamed his newly enlarged country the Hashemite Kingdom of Jordan. After Israel captured the West Bank during the 1967 war, the Labor government encouraged Israelis to establish settlements there as a security measure. The Likud greatly expanded the number of settlements after it took office in 1977. It wanted to establish a nucleus of Jewish settlers on the land in order to frustrate any attempt to relinquish the territories at a future date.

REUTERS/BETTMANN

GAZA STRIP: *Young Palestinians, carrying the portrait of jailed Hamas leader Shaikh Yassin, protest Arafat's arrest of Hamas militants.*

The Israeli occupation bred hatred and alienation. Israel obstructed the development of local leadership or effective political organizations; Palestinian officials who opposed the Israelis were removed, some deported. Since the intifada began in 1987, over 100,000 Palestinians have been detained, and Israeli forces have engaged in "a systematic pattern of torture and ill-treatment," according to the New York-based Human Rights Watch/Middle East.

Many Jewish settlers, who constitute no more than 3% of the electorate, felt betrayed by the Washington peace agreement of September 1993 and have mounted angry demonstrations against the government. ■

warmer relations with the U.S., and a free hand in Lebanon.

Syria has long vied with Iraq and Egypt for supremacy among Arab states. Once part of the Ottoman Empire, after World War I Syria became a French mandate. The French, operating on the principle of divide and rule, created present-day Lebanon in 1920 by combining the predominantly Christian district of Mt. Lebanon with areas to the north, south and east that contained Muslim majorities. Since independence in 1946, Syrian governments have denied the legitimacy of this act, and have called for the reunification of "Greater Syria." While this is unlikely, Syria has frequently felt entitled to intervene in Lebanese affairs.

Today Syria is tightly controlled by Assad and a close circle of military and intelligence figures. Many come from the Alawite minority, an indigenous religious sect combining Islamic and non-Islamic elements, that has ruled since 1963. Assad, who became president in 1971, has not permitted rival political groups, especially Islamic ones, to gain ground.

In Arab politics Assad's rivalry with Arafat and King Hussein is legendary. Unable to control the PLO, Assad shelters about 10 rival Palestinian groups, including the Popular Front for the Liberation of Palestine. Syria is also believed to control or heavily influence Hezbullah or the Party of God (often described as pro-Iranian), which is based in eastern Lebanon. This has helped Syria earn a place on the U.S. State Department's list of countries supporting terrorism.

Lebanon. Israel's neighbor to the north has been a reluctant participant in the Israeli-Palestinian struggle since the first wave of Palestinian refugees arrived in 1948. After 1970, when Lebanon took in many Palestinians forced out of Jordan, the fragile internal political balance broke down. Arafat set up a virtual state-within-a-state for Palestinians, which Israel destroyed in 1982. Since that time, Israel has controlled a strip of territory in the south to protect settlements in northern Israel from terrorist activity, while Syria maintains 40,000 troops in eastern Lebanon, especially the Bekaa valley.

After a bitter civil war from 1975 to 1990 among and within the major groups—Sunni and Shiite Muslims, Druze, Christians and Palestinians—relative calm returned to Lebanon. A peace plan worked out in 1989 at Taif, Saudi Arabia, provides for parity between Muslims and Christians in parliament for the first time. The Lebanese government is reasserting control over more of the country, and Lebanese entrepreneurs are returning and starting to rebuild.

Lebanon's major objectives in the current peace talks are the cessation of Israeli retaliatory attacks on its territory; the dispersal of the Israeli-sponsored South Lebanese Army; and Israel's withdrawal from its self-declared "security zone." Israel refuses to withdraw until the Hezbullah ceases rocket attacks. (For its part, Hezbullah claims its attacks are a legitimate response to foreign occupation of Lebanese soil.) The continuing sporadic violence along the Lebanese-Israeli border keeps the region on edge, but it is controlled: neither Syria nor Israel wants it to get out of hand. ■

U.S. policy: search for solutions

THE GROUNDWORK for the accords between Israel and the PLO and Jordan was laid at Camp David, Maryland, in 1978 and Madrid in 1991. At Camp David, President Jimmy Carter persuaded Egyptian President Anwar Sadat and Israeli Prime Minister Menachem Begin to sign two trailblazing agreements: one provided for Israeli withdrawal from Sinai and an Israeli-Egyptian peace treaty; the other was a framework for Palestinian autonomy in the West Bank and Gaza Strip to be implemented over a period not to exceed five years. No later than the third year, residents were to participate in negotiations to determine the final status of the territories. These provisions were never implemented.

In the decade after Camp David, the Arab-Israeli dispute was put on the back burner of U.S. diplomacy. The Reagan Administration (1981–89) was preoccupied with instability in the Persian Gulf due to the Iran-Iraq War (1980–88) and it sought to build a "strategic consensus" of regional states to resist Soviet encroachment. It was not until Iraq was driven out of Kuwait in Operation Desert Storm that U.S. diplomats returned once again to the Arab-Israeli question.

Flush from the U.S. success in leading a war coalition against Iraq, the then Secretary of State James A. Baker 3d cajoled representatives of Israel, Syria, Egypt, Lebanon, Jordan and the Palestinians into meeting at Madrid. This unprecedented conference was intended to initiate peace negotiations among the parties. No major concessions were made, but discussions had begun. Afterward, however, Baker was preoccupied with President Bush's 1992 reelection campaign, and the bilateral and multilateral talks launched at Madrid degenerated into squabbles.

When the Clinton Administration took office in January 1993, the diplomatic climate in the Middle East was favorable for negotiations. A longstanding policy goal that the U.S. had pursued in the region since World War II—excluding Soviet influence—was no longer an issue. And continued access to the region's oil seemed assured. The likelihood of war and the region's strategic significance for the U.S. had declined.

Paradoxically, at the very moment when the U.S. had an unprecedented opportunity to influence regional developments, the new Administration's priority was its domestic agenda. Experts on the Middle East such as Professor Michael C. Hudson of Georgetown University feared that President Clinton was "squandering the inheritance" the U.S. had built up in the Middle East.

The Administration's guiding principle was continuity with previous U.S. policy. Clinton's chief Middle East architect, the highly regarded Dennis B. Ross, is a holdover from the Bush Administration. Clinton's foreign policy team, however, has been regarded as more pro-Israel than that of Bush, and more in tune with the thinking of the hardline Likud Party than the moderate Labor government that replaced it. In deference to Israeli sensibilities, for example, Administration spokesmen started substituting the term "disputed territories" for "occupied territories," and stopped referring to East Jerusalem as part of these territories.

After a year in office, however, the Administration sensed that progress could be made, and it gave peace in the Middle East a high priority. Secretary of State Christopher has made repeated trips

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to the area. Clinton himself personally met with key regional leaders in a whirlwind visit to the region last October.

What does the U.S. hope to achieve in the Middle East? Above all, it is trying to keep the bilateral and multilateral talks from foundering. The U.S. knows that a rapid improvement in conditions in Gaza and Jericho is essential to build support for the peace process, to discredit Hamas, and to build Israeli confidence for further concessions. The U.S. wants to inspire confidence that this is the beginning, not the end, of the peace process. The U.S. does not support the establishment of an independent Palestinian state. A formula that the U.S. has favored in the past is self-government for Palestinians, possibly in confederation with Jordan, although no Israeli or Jordanian government has agreed to this.

The U.S. has prodded Arab states to end their boycott of Israel and to contribute to an aid fund for the Palestinians. At a conference in Morocco last November, the Administration proposed a multibillion dollar development bank for the Middle East, but wealthy Arab states were reluctant to fund it. By agreeing to make peace, Israel and Egypt together have received at least $5 billion annually between them from the shrinking U.S. foreign aid budget for many years. Arab states would expect a similar payoff in any overall peace settlement.

A more immediate issue is whether the U.S. would be willing to provide monitors to police the Golan Heights if the Israelis withdrew. (A similar force has operated almost without incident in Sinai since 1981.) Some Americans object that it would be too dangerous, too expensive and not our job to have U.S. forces on the Golan Heights. The new Republican majority in Congress may oppose contributing troops or money to any peacekeeping operation.

For strategic as well as domestic political reasons, Clinton, Rabin and Assad all want to see a peace treaty in 1995. Time is of the essence in light of the upcoming U.S. and Israeli elections.

U.S. policy options

❑ 1. The U.S. should try to isolate, not cultivate, Syria.

Pro: Some warn that, in its zeal to enlist Syria in the peace process, the U.S. should not overlook Syrian complicity in supporting terrorism, its activity in the drug trade, the government's repression of its own people, and its threatening military buildup. Syria, in short, is a "rogue state" and the U.S. should treat it accordingly, writes Daniel Pipes, editor of the *Middle East Quarterly*.

WHITE HOUSE, *July 25, 1994: King Hussein and Prime Minister Yitzhak Rabin, with President Clinton looking on, end the 46-year state of war between Jordan and Israel.*

Con: Syria is the key to a settlement, and it would not be helpful to cut it out of the negotiating process, caution others, among them Richard W. Murphy, a former U.S. Ambassador to Syria. "Americans and Israelis alike tend to play down Syria's fear of Israel," he notes. "In fact this fear is as genuine as Israel's fear of Syria." If Syria agrees to sign a peace treaty with Israel and cracks down on terrorists, the U.S. should respond with warmer relations and unblock loans to Damascus by multilateral institutions like the World Bank.

❑ 2. The U.S. should support Palestinian statehood.

Pro: There is no reason to deny the Palestinians their long-sought goal, especially since they have now agreed to partition the land and respect Israeli sovereignty. If statehood is not granted, radicalism among militant groups such as Hamas is sure to grow. Israel's best security is a democratic Palestinian state, demilitarized if necessary.

Con: A Palestinian state would introduce an element of instability in the Middle East, would pose a security threat to Israel and would not be viable economically. Such a state already exists, namely Jordan, and there is no need for another one. Moreover, such a state under Arafat's leadership would be undemocratic and authoritarian and promote terrorism.

❑ 3. The U.S. should tie financial aid to Arab states and to the Palestinians to a commitment to implement democracy and respect human rights.

Pro: U.S. aid to Israel's former adversaries, like Syria, should be conditional on political reform. In the case of the Palestinians, the U.S. "should take a more aggressive position" promoting democracy and should link future economic and diplomatic assistance to the democratization process, according to, among others, William B. Quandt, an architect of the Camp David process who is now teaching at the University of Virginia. Democracy would come naturally to Palestinians, who constitute a cohesive, well-educated community.

Con: Democracy, according to some observers, has little future in the Arab world. The PLO's chaotic record of administering most Muslim areas in Lebanon in the early1980s and Arafat's penchant for secrecy and quashing dissent do not bode well for democracy's prospects in the West Bank.

* * *

The conflict waged between Arabs and Jews for the better part of this century appears to be drawing to a close. The logic of peace has finally prevailed over war. The key regional leaders—King Hussein, Assad, and Rabin—after devoting a lifetime to the conflict, have tired of it. They want to see the region at peace before they die. This will be their legacy to the new generation that will otherwise continue the old, deadly antagonisms. ■

DISCUSSION QUESTIONS

1. Since the end of the cold war and superpower rivalry in the Middle East, the region has lost some of its strategic importance to the U.S. In that light, is the Clinton Administration devoting too much time to Middle East diplomacy? too little? or about the right amount?

2. After Israel and the PLO signed their accord, the international community pledged $2.4 billion to help the Palestinians get on their feet. By late 1994, only $100 million had been disbursed. Should the remaining funds be unblocked? Should strings be attached? Will broken pledges play into the hands of extremists?

3. What U.S. interests would be served by an end to the Arab-Israeli conflict? Should the U.S. try to speed the process by playing the role of honest broker? Or should the U.S. give greater priority to other, more pressing domestic and foreign policy concerns?

4. The U.S. does not support the establishment of an independent Palestinian state. Yet the U.S. supports the right of people to self-determination. Is there an inconsistency in U.S. policy?

5. Should the U.S. urge Israel to make a full withdrawal from the Golan Heights—to the line of June 4, 1967, as demanded by Syria—in return for peace? Or should the U.S. support Israeli retention of a portion of the Golan Heights for security purposes?

6. The return of Golan to Syria represents a potential security threat to Israel. To reassure Israel and speed a peace agreement with Syria, should the U.S. offer to provide troops to patrol the heights, as it did in the Sinai after Israel returned the peninsula to Egypt?

7. The U.S. Department of State lists Syria as one of seven states that supports terrorism. Should the U.S. have any dealings with Syria until it renounces terrorism? Or are there trade-offs to be considered, such as peace with Israel?

READINGS AND RESOURCES

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AMERICA-MIDEAST EDUCATIONAL AND TRAINING SERVICES (AMIDEAST), 1100 17th St., N.W., Suite 300, Washington, D.C. 20036; (202) 785-0022. ▪ Amideast seeks to increase understanding between the U.S. and the Middle East and North Africa through education, information and development programs. Experts available to speak.

HUMAN RIGHTS WATCH/MIDDLE EAST, 485 Fifth Ave., 3rd floor, New York, N.Y. 10017-6104; (212) 972-8400. ▪ Human Rights Watch/Middle East monitors and promotes internationally recognized human rights in the Middle East.

MIDDLE EAST INSTITUTE (MEI), 1761 N St., N.W., Washington, D.C. 20036; (202) 785-1141. ▪ MEI serves as a resource center providing information on recent developments. Publishes **The Middle East Journal** quarterly, reports, books and a newsletter.

MIDDLE EAST STUDIES ASSOCIATION OF NORTH AMERICA (MESA), 1232 N. Cherry Ave., University of Arizona, Tuscon, Ariz. 85721; (602) 621-5850. ▪ MESA is a nonprofit, nonpartisan membership organization comprised of academics, students and others interested in the Middle East and North Africa. Publications include the quarterly **International Journal of Middle East Studies** and the semiannual **Mesa Bulletin.**

Global finance: America's role and stakes

As the internationalization of global markets accelerates, how can the U.S. increase the stability of the dollar and continue to attract foreign investors?

by Robert D. Hormats

SIGNS OF THE GLOBAL FINANCIAL MARKET *are everywhere, even in Vietnam's Ho Chi Minh City.*

AMONG THE MOST dramatic changes on the world landscape in recent years has been the rapid integration of national financial markets into a large global financial market. At the same time many emerging economic powers have substantially increased their participation in that global market. Nations throughout the world—industrialized, developing and formerly Communist—are becoming more closely tied together by increased trade, capital flows and currency transactions, facilitated by instantaneous cross-border transmission of funds and information.

The accelerating internationalization of financial markets not only affects Wall Street and big financial institutions. It also has an impact on the cost of a mortgage in Baltimore, interest payments on a car sold in Kansas City and the price of a bottle of wine purchased in San Francisco. And it is not simply a phenomenon produced by big New York investors, major money-center banks or billionaire speculators. It is the result of the cumulative decisions of a pension fund manager in Tallahassee who buys German bonds, the selection by an investor in Detroit of an emerging-market mutual fund, or the choice by a retiree in Boston of a stock in a Mexican phone company.

These developments in global finance have profound implications for American foreign and domestic policy. Along with the enormous increase in, and growing domestic importance of, foreign trade, they have raised economic issues to the top of America's international agenda and tied the U.S. economy ever more closely to the rest of the world. The President and Congress, in setting budgetary and regulatory policy, and the Federal Reserve, the nation's central bank, in setting short-term interest rates, must increasingly take into account the attitudes of foreign investors when making decisions.

Well over $1.5-trillion worth of American securities is now in foreign hands. The willingness of foreign investors to hold those securities, as well as their desire to continue to buy American stocks and bonds, and the prices at which they do so, will directly and significantly influence U.S. interest rates, stock prices and the value of the dollar. These in turn will affect U.S. production costs, jobs, profits and growth.

Moreover, American households hold roughly $14 trillion in financial assets. They have the option to sell a portion of these and invest elsewhere in the world if they lose confidence in U.S. economic policy or market performance, or if they see better opportunities abroad. The resultant shift of large sums to foreign financial markets could jolt U.S. markets. The U.S. current account deficit (the country's deficit on trade in goods and services, such as shipping and banking) is normally considered to be a major factor influencing the movement of exchange rates. However, an additional 1% shift of American household assets to foreign stocks or bonds—$140 billion—would dwarf the likely $125 billion current account deficit the U.S. accrued in 1994.

Turmoil or uncertainty abroad (a crisis with North Korea, a strike in the oil fields of Nigeria, a major trade dispute with Japan, tensions with China or collapse of the Russian government)—events over which the U.S. might or might not have much control—can also materially affect the value of the U.S. dollar and American stocks, bonds and pension funds. That, in turn, can derail even the most well-conceived domestic economic policy.

The major international economic institutions—the World Bank (or International Bank for Reconstruction and Development) and the International Monetary Fund (IMF)—established at Bretton Woods, New Hampshire, to foster currency stability and global growth, find themselves on their 50th birthdays also challenged by sweeping changes. They

ROBERT D. HORMATS, *economist, investment banker, ambassador and former deputy U.S. trade representative, is vice chairman of Goldman Sachs International Corporation.*

are trying to adjust to a dramatically new global financial climate. They are seeking to accommodate the needs of established economic powers such as the U.S., which is urging greater emphasis by the World Bank on the environment and social development, along with those of emerging market economies such as China, Russia and Latin America. The effectiveness of these institutions in incorporating emerging economies smoothly into the global market economy and improving the prospects of poorer nations, now suffering from a host of social and economic calamities that could cause them to become a source of enormous international tensions in coming years, is critical to the future stability of the world economic and political system.

Recent changes in the world economy pose a series of difficult questions for the U.S.: How can this country increase the stability of the dollar? How can it continue to attract sufficient investment capital from the rest of the world? What role should it ask the IMF to play in the future to improve currency stability? How should the World Bank adapt to complex new requirements of formerly Communist countries? Can or should the U.S. sustain its historic commitment as the world's largest aid donor? ■

Global finance: a sea change

IT IS HELPFUL to review the tumultuous changes in international finance in recent years. The rules and institutions of a new postwar international financial system were set up at Bretton Woods in July 1944. It is difficult today to imagine what the world would have been like without the World Bank and the IMF—and their sister institution, the General Agreement on Tariffs and Trade (GATT). However, it is well known what happened between World Wars I and II when no such cooperative international organizations existed. That period was characterized by protectionism, financial turbulence, the Great Depression and high unemployment, followed by war.

To avoid a recurrence of these evils, the leaders of the post-World War II period sought to establish an institutional framework that would help unwind wartime controls on trade and foreign exchange transactions and, over time, produce a more open system of commerce along with a more stable system of international payments. In its first two decades, the World Bank lent large sums of money to support the rebuilding of Europe and then turned to helping the developing countries. The IMF provided broad financial and technical support that enabled many countries to achieve currency stability and to substantially reduce foreign-exchange controls. Balance-of-payments deficits for the most part were reduced without recourse to protectionism or new exchange controls. And GATT oversaw a series of multilateral negotiations to reduce global trade barriers. The combined efforts of these three institutions were instrumental in the postwar surge of world trade: world exports, which prior to World War II amounted to roughly $40 billion annually, expanded 100-fold in the past 50 years to an estimated $4 trillion in 1993.

Currency relationships during the early postwar period were based on the concept of fixed-but-adjustable exchange rates; countries set par values for their currencies vis-à-vis the U.S. dollar, the centerpiece of the system. The dollar was fixed to and convertible into gold at $35 per ounce. Currency adjustments were infrequent and were only permissible, with IMF approval, in the event of fundamental disequilibrium (i.e., very large and persistent trade or current account imbalances).

End of Bretton Woods system

In the 1970s, the Bretton Woods system collapsed. America abandoned its commitment to convert dollars into gold under pressures from a sustained U.S. current account deficit, an unwillingness of other nations to increase the value of their currencies to help the U.S. correct that deficit, and the growing magnitude of short-term international capital flows (into and out of stocks and bonds) that made fixed rates more difficult, or at least more costly, to sustain. These capital flows have grown in force over the last few decades, as households, corporations and pension funds have accumulated more financial resources and—through banks and by purchases and sales of stocks, bonds, real estate, etc.—can shift their funds across borders with relative ease.

Late in the 1970s, a series of sharp increases in the price of oil transferred huge sums of money to oil-exporting countries, concentrated in the Middle East, and away from large oil-consuming countries, the most import-dependent of which was Japan. A number of oil-importing developing countries in Latin America and other regions were adversely affected as well. The financial system recycled the "petrodollars," accumulated by the tens of billions in Saudi Arabia, Kuwait and their neighbors, to countries whose balance of payments had deteriorated due to higher oil import bills. Much of this recycling, especially to the developing world, was accomplished through the commercial banking system.

U.S. becomes a debtor

Throughout this period the U.S. experienced a weakening of its own trade balance. That was due to growing trade deficits with Japan and other industrialized countries seeking to boost exports of manufactured goods to pay their higher oil bills and to America's own elevated oil import costs. The U.S. had to borrow larger sums of capital from the rest of the world, primarily from the chief oil exporters, to finance its substantial current account deficit.

In the 1980s, oil prices plummeted due to recession in the industrial world and worldwide conservation efforts in reaction to sky-high prices. The trade surpluses of oil-producing nations did likewise. Two of the larger oil importers in the industrialized world, Japan and West Germany, saw a sharp improvement in their trade and current account balances. In time, benefiting from lower oil costs, they piled up substantial trade surpluses and, with a growing excess of savings over investment, became large exporters of capital to other nations. The U.S., still accumulating large current account deficits despite a lower oil import bill, was chief among the nations borrowing from them. With its trade balance eroded by a substantial increase in its budget deficit and a sharply higher dollar exchange rate, the U.S. lost its status as the world's largest creditor. Over time its

low rate of savings relative to its large investment requirements and growing government budget deficit dramatically increased America's dependence on foreign capital inflows.

Latin American debt crisis

Many developing countries, chiefly in Latin America, having borrowed heavily in the 1970s, when interest rates were relatively low, to finance oil-related trade deficits, experienced serious difficulties in servicing their debts in the early 1980s. This difficulty was caused by two factors: slower growth in exports to the industrialized world, much of which was in recession; and higher world interest rates due to sharply tighter monetary policy in the U.S. and other industrialized nations aimed at curtailing the inflation that higher oil prices had brought about.

Commercial banks in the U.S. and other nations suffered from a spate of bad loans to Latin American and other foreign borrowers and to their own domestic borrowers in such sectors as real estate. Their role as international lenders declined as loans to many highly indebted Third World countries came to a virtual halt, and much of their energy was devoted to innovative debt rescheduling. Over time, effective cooperation between the major banks, national governments (the U.S. Treasury and its counterparts in France, Britain, Germany and Japan) and the IMF helped debtor countries, led by Mexico, to implement effective stabilization policies to reduce inflation and balance-of-payments deficits and thereby to manage and overcome the debt crisis.

The IMF during this period came to devote the bulk of its efforts and resources to working with developing countries; it shifted away from promoting stability and policy changes in industrialized countries, where its help was now less needed. The World Bank provided economic support to the developing countries and helped them to restructure their economies to increase their efficiency.

Capital demands escalate

In the 1990s the system shifted yet again as the collapse of the Soviet empire, and the abandonment by many developing countries of statist economic doctrine, unleashed a whole new set of demands for international capital. A number of developing countries and former Communist countries sought access to global capital markets. Large amounts of stocks and bonds were issued by newly privatized companies. Direct investment in factories and other enterprises also boomed as the investment climate improved. Capital flows into Asian countries reached $62 billion in 1993 compared with roughly $22 billion per year in the late 1980s. In Latin America, capital inflows amounted to $47 billion in 1993 compared with an average of roughly $16 billion per year in the late 1980s.

Significantly reduced short-term interest rates in the U.S. improved bank balance sheets; that facilitated banks' efforts to increase domestic and international lending. Lower interest rates also induced U.S. investors to shift investments from banks into higher yielding mutual funds in the search for increased returns; mutual funds, in turn, shifted a greater proportion of their funds abroad, increasingly to the developing world, where growth and returns were strong. Banks reentered developing-country markets, but, in contrast to the 1970s and early 1980s, a far greater portion of their lending went to private-sector borrowers, in contrast to the heavy lending to sovereign governments that characterized the past.

ABBREVIATIONS

APEC	Asia-Pacific Economic Cooperation
Fed	Federal Reserve Board
G-7	Group of Seven
GATT	General Agreement on Tariffs and Trade
IBRD	International Bank for Reconstruction and Development (World Bank)
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
MDB	multilateral development bank
MFN	most-favored-nation
MIGA	Multilateral Investment Guarantee Agency
Nafta	North American Free Trade Agreement
NGO	nongovernmental organization
WTO	World Trade Organization

Dollar weakens

In 1993 massive flows of international capital played havoc with attempts by Germany, Britain, Italy and other countries of the European Union (formerly the European Community) to maintain stable currency rates among themselves. Early in 1994, powerful currency flows also caused a sharp drop in the dollar's exchange rate against the Japanese yen and the German mark. The U.S., with its chronic shortfall of domestic savings relative to investment, remains the world's largest importer of capital, largely through sales of bonds and other securities to foreign investors.

However, the appetite of foreign private investors for U.S. financial assets has deteriorated. In early 1994 foreign central banks had to assume a greater role in financing the U.S. current account gap by intervening in currency markets to purchase American dollars and then buying Treasury notes and bills to prevent too sharp a decline in the dollar vis-à-vis their countries' currencies. The weakening dollar has been a major factor discouraging foreign investors from purchasing American securities. Financing the U.S. deficit has also been made more difficult by the increased propensity of Japanese investors to utilize their savings at home and by eastern Germany's absorption of the formerly large exports of capital by the former West Germany.

New players

In recent years banks have been joined by insurance companies, pension funds and mutual funds as major players in international financial markets. In 1968, pension funds had assets of roughly $150 billion; today that figure is over $2 trillion. The assets of mutual funds have also surged; these funds now have about $2 trillion in assets—an amount approaching the sum total of bank deposits. Increased institutionalization of savings also has occurred in Japan and Western Europe.

Commercial banks have seen their traditional roles diminish in relative terms, even though their assets have increased in absolute terms, as borrowers sought alternative means of financing. Volumes and values of capital market transactions have increased dramatically as domestic financial markets have been deregulated and new types of securities have proliferated. Banks in turn have innovatively moved to develop capabilities in these new areas.

For Americans these changes in world finance have created enormous new opportunities and enormous new risks. The expanding global capital market has enabled a growing number of Americans to place a larger portion of their savings in overseas investments. In 1992, Americans' net purchases of foreign stocks

amounted to over $32 billion, and of foreign bonds, to over $19 billion. In 1993, seeking higher returns as U.S. interest rates declined, Americans accelerated their acquisitions of foreign securities; net stock purchases shot up to $63 billion. Much of this money was not invested by American households directly but by institutions such as mutual funds, pension funds and insurance companies which manage their resources. U.S. mutual funds accounted for a significant portion of the total. As recently as 1991, 8% of all equity mutual fund inflows went into international (non-U.S.) and global (U.S. and non-U.S.) mutual funds; at the end of 1993 roughly 50% of the inflow went into these two categories.

Through their mutual funds, pension funds, insurance policies and direct investment abroad, millions of Americans, who 10 years ago never dreamt of owning foreign stocks and bonds, now do so in substantial magnitude. Although this shift could, and for many did, produce high returns, it has also meant that large numbers of Americans are more vulnerable to developments in other parts of the world. So the President's decision on whether to renew most-favored-nation (MFN) status for China has had an impact on the assets of Americans who directly or indirectly (through mutual or pension funds) invested in China, Hong Kong, Singapore and Taiwan. And the volatility of currencies like the yen, German mark and peso can sharply affect the value of the holdings of Americans in Japanese, German and Mexican securities. As *The New York Times'* Thomas L. Friedman put it prior to the decision: "As the Clinton Administration weighs whether to revoke China's preferential trade status, and whether to impose trade sanctions on Japan, a new factor is creeping into its calculations: What impact would such moves have on already volatile global stock and bond markets?" ■

The dollar, the Fed and interest rates

THE DOLLAR LINKS Americans to the world economy. To appreciate the nature and complexity of that linkage, that currency's role must be fully understood. The dollar is, of course, the instrument used to denominate and execute domestic transactions in the U.S. But it is also a major instrument for international transactions—and not just those involving Americans. Sales of goods between two foreign countries are frequently denominated in dollars, and most of the world's commodities (most notably oil) are traded in dollars.

The dollar is also the world's most important reserve currency; virtually every country's central bank keeps a substantial amount of dollars in its foreign exchange reserves. America's currency is still the reserve currency of choice for most countries. And of the roughly $360 billion of cash dollars in circulation, about $240 billion are held in other countries (about $20 billion in Russia alone). Foreign citizens in many countries see the dollar as a credible transaction currency and store of value—often in contrast to their own domestic currency. It is also a major investment currency in which hundreds of billions of bonds issued by Americans and non-Americans alike (e.g. in the Eurobond market) are denominated.

It is the role of the dollar as an investment instrument—in which several trillions of dollars worth of securities in the U.S. and around the world are denominated—that is at the root of the major international flows of that currency. Sales and purchases of the dollar for investment purposes—short term and long term—are far greater than for conducting international trade. Decisions by investors that affect dollar assets—to buy or sell dollar-denominated stocks, bonds or short-term Treasury bills—are the most powerful factor affecting the currency's value.

The amount of dollar assets held abroad has increased dramatically in recent years. During an average year in the 1980s, the U.S. current account deficit amounted to nearly $100 billion. After dipping in 1991 and 1992, that figure rose to $110 billion in 1993. The effect of this deficit is that foreigners receive tens of billions of dollars annually. If a family buys a Mercedes in New York, it pays in dollars; the distributor in the U.S. puts these dollars in the company bank account in New York; the German manufacturer then has the option of holding the dollars in the bank, investing them in dollar securities or reinvesting them in its business in the U.S. Or it can decide to sell the dollars to a person or institution who wishes to use them to purchase U.S. goods or securities. If the supply of dollars for sale substantially exceeds demand, the price will drop; if demand substantially exceeds supply, the price of the currency will rise.

U.S. dollar declines

The cumulative total of U.S. dollar securities that are now held in foreign hands has grown rapidly through repeated annual current account deficits and other capital outflows. If private foreign holders of dollar assets choose to sell them because they are no longer attractive (due to concerns about inflation eroding the value of bonds, harsh regulations or taxes undermining corporate profits, a weakening dollar or other factors) or they simply see better investments at home or in other overseas markets, they will place additional dollars on the market. If large numbers of investors do so, they will significantly weaken the dollar's foreign exchange value. The same is true if, on a net basis, foreigners do not use dollars earned by the sale of goods like steel, cars or coffee to buy dollar-denominated financial assets at prevailing exchange rates.

In early 1994 foreign purchases of U.S. bonds fell sharply due to a weak dollar and a decline in U.S. bond prices—plus more-attractive investment opportunities at home. In turn, as the dollar weakened, more foreign investors shunned dollar assets. Central banks were forced to intervene in the market, buying large amounts of dollars to purchase short-term U.S. Treasury securities. In 1994, a significant portion of the U.S. current account deficit (running at an estimated annual rate of $125 billion) was financed by foreign central banks—particularly by the Bank of Japan. To the extent that stronger growth in Japan and Europe increases exports from the U.S., and higher savings in the U.S.—induced by higher interest rates—reduce U.S. demand for imported capital, the U.S. current account deficit should decline and the acceleration in the offshore stock of dollars should moderate. That

in turn could help reduce and reverse downward pressure on the currency.

The value of the dollar is influenced not only by foreign investors' decisions but also by decisions of American investors. In the 1980s, Americans bought net roughly $3 billion of foreign stocks and $4.5 billion of foreign bonds annually; in 1993 those figures rose to $65 billion and $60 billion respectively. Because Americans must sell dollars to buy the yen or German marks needed to purchase Japanese or German financial assets, such transactions tend to depress the value of the currency. The torrid pace of such purchases by Americans in 1993 diminished in the first half of 1994 in the case of some countries. It was reversed in the case of others, particularly in the developing world where Americans were net sellers, as stock markets experienced sharp drops. Still, the continuing trend toward foreign-asset accumulation, as American institutions diversify their investments, can exert a negative influence on the dollar for years to come. The U.S. is likely to remain a major net exporter of investment capital to other nations, as U.S. investors seek to internationalize their portfolios and obtain high returns abroad.

Domestic policy's key role

All of this underscores the compelling requirement for U.S. authorities to maintain domestic policies attractive to foreign and U.S. investors alike. Investment in plants, equipment, research and training is critical to American employment, growth and productivity. Because of the currently very low level of domestic savings and many Americans' increasing investment abroad, the U.S. must rely heavily on capital imports to finance the federal deficit plus private capital needs. If the flow of foreign investment is inadequate, long-term interest rates in the U.S. will rise and growth will falter.

The decline of the dollar against the yen in 1993 and early 1994 was seen by many Americans as healthy because it helped to increase the price competitiveness of American goods vis-à-vis Japanese goods in world markets. Moreover, there was little evidence that it was contributing to higher prices in the U.S., as a lower currency value normally tends to do. This was because for most of this period the dollar actually strengthened against most of the world's currencies, particularly those of America's major trading partners except Japan. In addition, weak demand in Europe and Japan led to underutilization of production capacity in these countries; so their enterprises sought to hold market share in the U.S. by limiting price increases on goods exported to this market, even if that meant cutting profits to the bone.

The declining dollar has pushed up interest rates in the U.S. from time to time. Foreign investors are reluctant to invest in the financial assets of a country whose currency is declining, thereby rendering themselves vulnerable to currency losses from holding such assets. Investors can only be convinced to buy or hold such assets if the return on them justifies the risk, which means that they seek higher interest rates to help offset such risks.

The dollar's decline, along with increased inflationary expectations and current and expected increases in short-term interest rates by the Federal Reserve to suppress future inflation, has caused long-term interest rates on bonds issued by the U.S. government and U.S. corporations to rise. That, among other things, has raised the cost to American taxpayers of financing the federal debt. Moreover, the weakening of a country's currency over time renders its citizens poorer, as their currency ultimately will buy less and less on world markets. Historically the competitive benefits of a lower currency tend to be eroded by the higher capital costs and greater inflationary pressures that diminish the trade advantages of the lower exchange rate.

Conversely, countries that see advan-

GLOSSARY

BALANCED GROWTH: Growth which occurs in most or all sectors of the economy.

BALANCE OF PAYMENTS: A summary statement of all the economic transactions of a nation with the rest of the world during a given year. It consists of trade and services, capital and reserves.

BOND: Written promise to pay a specified amount of money, the principal, at a certain future date or periodically over the course of the loan during which time interest is paid at a fixed rate.

CAPITAL MARKET: Market in which stocks, bonds and other financial instruments are traded.

CURRENCY STABILITY: The absence of dramatic fluctuations in the value (exchange rate) of currency.

CURRENT ACCOUNT: Summary of all transactions concerning the trade of goods (i.e., imports and exports), services (e.g., finance charges from banks, shipping charges), and unilateral transfers (e.g., foreign aid).

EQUITY: The value of a business property, excluding amounts owed on it (e.g., mortgages or other liabilities). In the market, it also refers to a risk interest or ownership right in property, such as the common stock of a corporation.

EXCHANGE RATE: The relative price of a nation's currency in terms of those of other nations.

FEDERAL RESERVE: Central bank of the U.S. The Federal Reserve consists of a Board of seven Governors and 12 regional Federal Reserve Banks.

INTEREST RATE: The price paid for the use of money. Individuals, businesses and governments pay interest to use money now (that they do not presently have) under the agreement that they will pay the price for using it (the interest rate).

MARKET ECONOMY: Economic system that relies on competition, profit incentives and the principles of supply and demand to determine which goods to produce, how to produce them, the price at which to sell them, and who will receive them.

MOST-FAVORED-NATION (MFN): In international trade agreements, a country granting MFN status to another country makes available favorable treatment in regard to tariffs and other trade regulations that it accords to most of its other trading partners.

MUTUAL FUND: An investment company that owns the securities of corporations and distributes earnings to the fund's shareholders.

RECESSION: Period of declining economic activity. Recorded as two consecutive quarters (six months) of negative growth.

SECURITIES: Legal documents that establish, represent or evidence a right or rights to property. Refers to a note, bond, option, stock, or evidence of indebtedness.

TREASURY NOTES AND BILLS: Government securities issued by the U.S. Treasury Department with a maturity of 1-5 years. Short-term securities (maturing in one year) are called **bills** or **certificates** and long-term securities (maturing after five or more years) are called **bonds.**

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tages in a strong currency do so because it suppresses inflationary pressures, attracts low-cost capital and forces constant improvements in corporate competitiveness.

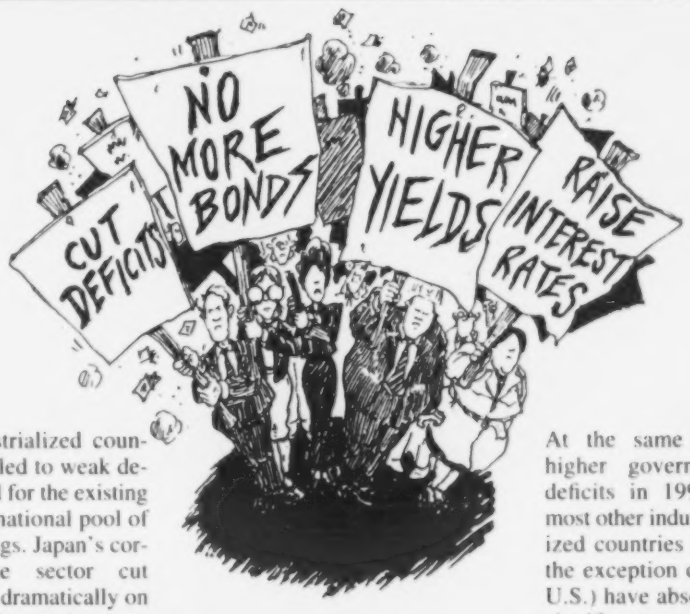
If the U.S. is to be able to maintain a stable currency along with steadily improving competitiveness, it will need to sustain a low rate of domestic inflation; continue recent progress in cutting the federal deficit (thereby freeing up more capital for private investment); increase domestic savings; and reduce its large current account deficit. Ways of doing so include improving incentives to put funds into Individual Retirement Accounts and other savings vehicles; reducing the level of entitlement payments and government subsidies; and cutting taxes on capital gains. Such moves would induce increased savings and productive investment. More resources invested more intelligently in human capital through training and education would better equip people for a constantly changing technological and workplace environment.

Role of the Fed

The dollar's international role puts an extra responsibility on the Federal Reserve Board (Fed) to control inflation and ensure an attractive investment environment. The Fed, which sets short-term interest rates, is looked to by wage earners and investors to ensure that the value of their dollars and their other assets is not eroded by inflation. Inflation undermines foreign and domestic investor confidence in financial assets and thus in a country's currency.

For a time in the summer of 1994 there was a possibility the Fed would have to raise interest rates in the U.S. even more rapidly specifically to attract more foreign capital to stem a sharp dollar drop. Although the dollar eventually stabilized, taking pressure off of the Fed, the possibility exists that such a situation could again arise. Complicating such a move would be the question of whether it would work. The Fed can only set short-term interest rates; if raising short-term interest rates causes stocks and bonds to decline in value, investors might move out of dollar securities rather than buy them, thereby pushing the dollar down further and putting the Fed in an even deeper predicament.

International interest rates fell from 1989 to 1993 because recession in many



industrialized countries led to weak demand for the existing international pool of savings. Japan's corporate sector cut back dramatically on its borrowing requirements, freeing up capital for export, much of it to the U.S. Now corporations in the industrialized world and the emerging economies are competing actively for financing. In the face of weak savings in the U.S. and large government deficits in most of the industrialized world, these credit demands are exerting an upward push on interest rates. The emergence of dozens of countries in the former Communist and developing world that have embraced market forces and are competing to attract investment adds further to the demand for international capital. According to the Institute of International Finance in Washington, net equity flows from industrialized to developing countries grew from just under $20 billion in 1990 to over $80 billion in 1993, and total flows of equity and debt capital rose from $72 billion to over $180 billion in the same time period. This has tightened the market for international capital.

Japan, for decades the world's largest supplier of investment capital, is now using a larger portion of its investment capital at home and in East Asia. This has had an especially significant impact on U.S. capital markets and the recently volatile yen-dollar relationship. Japanese investors have from time to time shied away from the U.S. market because of concerns about the weakening dollar, while American investors have periodically sought profits from the strengthening yen and the Japanese stock market.

At the same time higher government deficits in 1994 in most other industrialized countries (with the exception of the U.S.) have absorbed significant amounts of private savings that could otherwise be used for private investment.

Projections are for Western government deficits (while declining significantly from current levels) to remain high for several more years, especially in Western Europe. It is likely that Japan's very high savings rate has peaked. And both direct and equity investment in the developing world, along with foreign borrowing by governments and corporations there, are likely to remain robust.

To be sure, higher interest rates will weed out less profitable investments, thus imposing a natural restraint on demand for funds. There will also be downward pressures on wages and business costs, as corporations seeking new capital attempt to increase profitability. That phenomenon will be reinforced by the added global competition in products ranging from steel, to cars, to television as a result of the emerging entrants in the global trading system—China, India, Southeast Asia and others. Their competitiveness on world markets—added to the already intense competition among the industrialized democracies—will also limit corporate price increases and force cost cutting in older economies, thereby restraining inflation. Intensified competition for capital, juxtaposed with the intensified competition for markets in goods and services, will combine to produce relatively high real interest rates (relatively high nominal interest rates with relatively low inflation rates) for several years to come. ■

Global institutions

THE RAPIDLY EVOLVING global financial environment of the mid-1990s is one in which markets can overpower governments. And international financial institutions are less influential with industrialized countries, which now need them less. In light of these changes, the IMF and World Bank, now celebrating their 50th birthdays, are reassessing their roles.

International Monetary Fund. Floating exchange rates, integrated global financial markets, the unwillingness of many governments to lock their currencies into a tight band vis-à-vis one another, and a reluctance of countries to subordinate domestic monetary or fiscal policy to international constraints have weakened the influence of the IMF in the industrialized world. But by virtue of its enormous pool of resources, the IMF still has great influence in many developing countries.

However, its record is not without controversy. Critics of the IMF argue that it has made balance-of-payments adjustment more painful than necessary, does not enable countries to regain their economic health or move to private sources of capital quickly enough, and does not permit a sufficiently long moratorium on debt repayment. The IMF has sought to correct concerns raised by developing and industrialized countries by improving the sensitivity of adjustment programs to social concerns while preserving the programs' overall goal of restoring creditworthiness.

The IMF could be a more important forum for serious policy dialogue among industrialized countries and between them and developing economies. Although the Group of Seven (G-7) industrialized nations (Britain, Canada, France, Germany, Italy, Japan and the U.S.) recently have preferred to utilize their own smaller forum for policy coordination, they still regard the IMF as a credible institution: they see it as having played an indispensable role in the resolution of the Third World debt problem and before that in the smooth recycling of petrodollars. Currently, they have given it a significant role in providing technical and financial support to post-Communist countries in transition to market systems to help establish conditions for increased private capital flows.

With a larger number of emerging countries playing a larger role in world trade and finance, the key forums within the IMF, particularly the high-level Interim Committee (which includes the major economies in the industrialized and developing world and often meets at ministerial level), can play a broader coordinating role. One of the great tasks of the 1990s for the Western democracies is to incorporate emerging economies such as China, Southeast Asia, Latin America and formerly Communist Europe smoothly into the global market system. The IMF can be an increasingly useful instrument in promoting serious policy dialogue with these countries to that end.

Strengthening the IMF

The IMF cannot effectively play that role vis-à-vis emerging economies unless the major industrialized countries themselves take it more seriously as a forum for dialogue and follow its policy advice more faithfully. Toward this end, the IMF needs to be accorded a greater role in G-7 deliberations. Its managing director, along with the president of the World Bank and the director general of the new World Trade Organization (successor to GATT), should be invited to meet with the seven heads of state on the eve of their annual summits. Their task would be to focus the deliberations of these presidents and heads of state on the central global economic issues. The IMF's managing director would be able to exert his influence at a higher level and expose national leaders to a critique of their policies from an international perspective. That could help to avert large payments imbalances among key economies and distortions within these economies.

To improve the IMF's credibility as an "objective referee," its managing director could create a group of experts charged with preparing assessments of, and prescriptions for, the G-7, as proposed by Canadian economist Wendy Dobson. That in turn could pave the way toward increased currency stability.

The private, independent Bretton Woods Commission's 1994 report, *Bretton Woods: Looking to the Future*, recommends that the major industrialized countries "strengthen their fiscal and monetary policies and achieve greater overall macroeconomic convergence; and...establish a more formal system of coordination, involving firm and credible commitments, to support these policy improvements and avoid excessive exchange rate misalignments and volatility." It recommends a system that involves firm commitments by major industrialized countries "to respond appropriately to changes in international economic conditions with adjustments in macroeconomic policies and with currency intervention." In time "this system could possibly involve flexible exchange-rate bands, within which exchange rates could move without mandating a policy response. If so, the system will have to define government obligations when exchange rates threaten to breach the boundaries of those bands. And it must define rules for making exchange-rate adjustments, which serve to shift the bands themselves and ensure the necessary long-term flexibility of the system."

At the meeting at which the recommendations of the Bretton Woods Commission were publicly presented, officials of the U.S., Japan and Germany were unenthusiastic. For a variety of reasons they were reluctant to accept a commitment to a global plan under the IMF to include their currencies in a new "band." As *The* (London) *Economist* noted: "None of them—least of all America, which matters most—is willing to subordinate domestic economic policy to international obligations."

Stabilizing currencies in a world in which the balance of power between global financial markets and governments is shifting toward markets is an enormous challenge for finance ministries and central banks. This underscores the importance of using both the G-7 and the IMF to improve cooperation on the fundamentals of macroeconomic policy in order to avoid major payments or policy distortions.

Among the developing and transforming nations of the world, the IMF can play a more direct role as provider both of advice to establish credible and sustainable macroeconomic and balance-of-payments policies and of financial assistance which supports such policies. The

IMF has learned a lot about the adjustment process over the years, and now pays significant attention to the social impact of adjustment, as well as the degree of a country's reduction in its debt or inflation rate, recognizing that policies that cause excessive amounts of domestic pain or loss of public support are unsustainable over time.

A World Bank-IMF merger?

The IMF's role necessarily will overlap with that of the World Bank, as it did during the debt crisis of the 1980s. The IMF is dispensing policy advice to former Communist countries in the process of transforming to a market system. The World Bank is doing the same.

Overlaps between these two institutions have led to the suggestion that they be merged. That would be inadvisable. Each has, at its core, a different mission: the IMF's is to focus on macroeconomic and balance-of-payments analysis and provide broad financial support; the World Bank's is to focus on structural and sectoral matters and provide more-directed financial support. Clearly each can provide important input into the decisions and programs of the other.

Both institutions also should establish close links with the new World Trade Organization (WTO); the IMF could advance its own objectives as well as those of the WTO by building strategies for trade and investment liberalization into its broader policy advice for reducing inflation and payments imbalances. It should encourage countries to adopt domestic policies that avoid large currency misalignments that distort trade. Frequently, for example, an overvalued currency will lead to a balance-of-trade deficit and thus to excessive use of trade restrictions against other countries, even though the cause of the problem has little to do with the trade policies of those countries. The World Bank could also support the WTO by encouraging trade liberalization in countries that receive its aid. The WTO could help the World Bank by actively supporting policies that promote domestic competition in its review of national trade policies.

The World Bank. Few institutions in history have had a greater or more positive impact on the peoples of this planet than the World Bank. It consists today of a remarkably talented group of men and women who constitute the world's most experienced body of experts on economic development. They have enabled the World Bank to evolve over its 50 years from its initial focus on economic reconstruction after World War II: in its first loan, in 1947, the World Bank provided $250 million to France to finance vitally needed imports of coal, petroleum products, steel and railway equipment. Over time its emphasis has shifted to lending for public infrastructure projects throughout the developing world, to providing broader technical and financial support for agriculture and education, to assisting countries to overcome the debt crisis of the 1980s, and to helping nations that seek to transform themselves from socialist to market economies.

Now the World Bank has mapped out five challenges posed by the changing requirements of recipient nations and the new concerns of major donor nations. The challenges, as outlined in its July 1994 report, *Learning from the Past, Embracing the Future*, provide a framework for the future. To be effective in meeting them, the World Bank will need to establish specific sets of priorities. Below are a few observations and suggestions relating to each challenge.

First, the World Bank plans to reinforce its already significant level of support for domestic policy reforms that promote broad-based growth and reduce poverty. One lesson of the last 50 years is that the key to sound growth is sound domestic policy, and that increased income distribution cannot be achieved without sustained economic growth. Economic assistance from outside donors can be useful, indeed even vital, but appropriate domestic policy is the determinative factor. The World Bank was instrumental in helping China to develop market-oriented reforms that enabled it to attract large sums of private capital and use foreign aid more effectively. The World Bank's ability to promote sound economic policies in Russia and formerly Communist Europe, as well as in Gaza and Jericho, now seeking to develop under Palestinian authority (see Topic 4), will be an important new test.

A second World Bank objective will be to expand assistance for education, health, nutrition and family planning. Such investments in people are to enable the poor to participate more effectively in the development process. Loans in these areas, which constitute both economic and social contributions to development, have increased from an average of 5% of total World Bank loans in the early 1980s to more than 17% in 1994. Family planning and early childhood health and education services—critical deficiencies in many poor nations—demand particular attention.

Third, environmentally oriented projects will continue to receive higher priority from the World Bank. A healthy environment is increasingly recognized as a vital economic and human resource. The World Bank's ability to demonstrate convincingly that it is at the forefront of the effort to protect the environment and support sustainable development will be a key to future public support in the U.S. and many other Western nations. Many nongovernmental organizations (NGOs) have argued that the World Bank's efforts in this area have been either lagging or inadequate.

Fourth, a major new role for the World Bank is that of helping countries to tap the enormous potential of private initiative and entrepreneurship among their people. From Singapore to China to Botswana, private enterprise is a dynamic new source of investment, job creation and broadened income distribution. The highly innovative International Finance Corporation (IFC), the member of the World Bank Group that can make investments directly in private sector companies (the World Bank itself can only do so on a limited basis, with government guarantees), merits significant additional support by the U.S. and other nations. For every one dollar it invests, the IFC generates seven dollars of private investment. Another member of the World Bank Group, the Multilateral Investment Guarantee Agency (MIGA), could be more active, if its capital and financing limits were raised.

One of the World Bank's great financial challenges in coming years will be to facilitate public-private partnerships to channel investment into productive enterprises and infrastructure projects in developing and formerly Communist countries. China alone will have to bring on-stream roughly 15,000 megawatt hours of new electric generating capacity per year over the rest of this decade. Innovative World Bank cofinancing and guarantees for private investors, who now account for $15 billion annually of infrastructure investment in these countries, can be instrumental in ensuring the financing of important projects. So will the

World Bank's insistence that countries manage infrastructure as a business, not a bureaucracy, introduce competition to improve the efficiency of government services, and ensure that users of government services share responsibility for developing and paying for projects.

Finally, the World Bank plans to help developing nations improve the effectiveness of their public institutions so they might better support market economic policies. A key priority must be provision for legally enforceable contracts and property rights; without these, market capitalism and emerging entrepreneurship cannot long flourish. Here, better public institutions require civil services with greater accountability to the public. The World Bank also needs to train and use more experts in the Third World and, where possible, give them a greater role relative to consultants from the industrialized nations. The World Bank has gradually increased the level of local involvement in its projects.

The U.S. continues to be the largest contributor and most influential member of the World Bank Group. It has recently used its influence to encourage the World Bank and other multilateral development banks, such as the Inter-American, African, Asian and European development banks, to make significant reforms. Many of these—emphasizing environmental sustainability, investment in human beings and support for the private sector—are reflected in the World Bank's new strategy.

However, the accumulation of U.S. arrearages to multilateral development banks (MDBs) weakens American influence and credibility. As Secretary of the Treasury Lloyd Bentsen stated in testimony before the House Appropriations Committee: "With every cut in the appropriations for the MDB account, the arrearages have become even larger. This is an embarrassing situation for our country. Last year I listened closely to your concerns about the need to reform the development banks. I put in place a comprehensive agenda for change. We were successful in carrying out a large part of that agenda. We were persuasive. We had influence. Other countries followed our lead. But that won't happen again this year unless we get full funding for the multilateral development bank account. That means full funding for the current request and beginning to reduce those arrearages."

Support for development institutions is endangered by complacency in wealthy nations. So much progress has been made in such areas as South Korea, Southeast Asia and much of Latin America that the existence of intense poverty in other regions tends to escape the world's consciousness until it is jolted by television footage of Somalia, Rwanda and Haiti. Yet these are not isolated instances. In many areas, agricultural systems, health care delivery, infrastructure and the very institutions of governance are on the verge of collapse; the prospect of a spate of "failed states" looms ever larger. Unless averted, these disasters will lead to environmental catastrophes, massive migrations and military upheavals. These in turn will pose dilemmas for the U.S. and other Western nations: Do they simply ignore these problems, or do they intervene for humanitarian reasons, to avert massive immigration into their own territories (with the attendant xenophobic reaction), or to restore a deposed (or indeed any) government? Much educational work is still needed in the developed nations to reinforce the message that development assistance in support of sound domestic policies in developing countries can be effective "preventive medicine" to avert instability.

U.S. policy options

1. In a world of highly mobile capital, should the U.S. seek more-institutionalized means for stabilizing the dollar's exchange rate?

Yes: Because U.S. intervention in currency markets and increases in U.S. interest rates in 1994 produced only mixed results, the U.S. should propose a more-formal system of "target zones" within which governments would agree to maintain the values of their currencies.

No: The Administration's approach was not at fault; rather it did not go far enough. More currency intervention and/or higher domestic interest rates would have produced the desired effect. Alternatively, in a world of highly mobile capital, governments can do relatively little to stabilize exchange rates; the key is stable and sound domestic policies avoidance of large balance-of-payments disequilibria.

2. Should the Administration educate the public about the need for continued foreign assistance to poorer nations?

Yes: The U.S. should overcome "donor fatigue" and convince the American public that the small percentage of the federal budget allocated to foreign assistance to Third World countries is both moral and a sound economic and foreign-policy investment.

No: The U.S. must conserve its assets to protect vital interests, not dispense its largesse to countries that are not taking significant steps to help themselves.

3. Should the U.S. tie its contributions to multilateral development banks to their increasing commitment to protect the environment?

Yes: Because the environment is linked, directly or indirectly, to every facet of development, the U.S. must make environmental protection a condition of its support.

No: Such a policy is too rigid. Some projects may be very helpful in overcoming poverty in a poor country but may fail to meet environmental standards.

4. Should the U.S. take the lead in incorporating emerging economies such as China, Southeast Asia and Latin America in the global market economy?

Yes: Integrating the emerging economies more closely into the growing international financial market will benefit all. The U.S. should propose steps to improve the outreach of the G-7 and make more effective use of the IMF's Interim Committee.

No: The U.S. step-by-step approach, based on the development of cooperation among regional groups, such as the North American Free Trade Agreement (Nafta) area and the Asia-Pacific Economic Cooperation (APEC) forum, is preferable. Integrating emerging economies into the global economy under U.S. guidance will only increase resentment from other industrial countries as well as developing countries.

5. How can the U.S. reduce its dependence on foreign capital?

a. Continue present policy: The U.S. is moving in the right direction by reducing the budget deficit. This is the single most effective way to reduce the country's dependence on foreign capital.

b. Change present policy: It is vital to the health of the economy that the U.S. more aggressively reduce the federal deficit, but it must go beyond this to provide additional incentives to savers and investors by changes in the tax system. ■

DISCUSSION QUESTIONS

1. How have the changes in international financial markets over the past 20 years affected the U.S. position in the world economy? How have they affected your pocketbook? Your community and state's economy?

2. How much of a role should the U.S. government play in protecting American foreign investments?

3. What steps can the U.S. government take to raise the rate of savings and lower the balance-of-payments deficit, thereby reducing the country's dependence on foreign capital?

4. What steps could the U.S. take to be more competitive globally? How might your community contribute to this endeavor?

5. In recent years, the value of the dollar has plummeted in relation to the Japanese yen and the German mark, weakening the buying power of Americans in the world market. What should the U.S. do to reduce the volatility of currencies?

6. How can the industrialized democracies more effectively incorporate emerging markets such as China, Southeast Asia and Latin America into the global economy?

7. What goals should the multilateral development banks emphasize? Eradicating poverty? Preserving the environment?

READINGS AND RESOURCES

Bretton Woods: Looking to the Future. Washington, D.C., Bretton Woods Commission, July 1994. 322 pp. $35.00 ($25.00 for nonprofit organizations). The Bretton Woods Commission, a private independent group, recommends reform of the IMF and a refocusing of development assistance by the World Bank.

Gwin, Catherine, **Banking on the Future: U.S. Support for the MDBs.** Washington, D.C., Overseas Development Council, May 1994. 12 pp. $2.00. An analysis of the relationship between the U.S. and the multilateral development banks and recommended changes to increase their effectiveness.

Haas, Peter M., et al., eds., **Institutions for the Earth.** Cambridge, Mass., MIT Press, 1993. 340 pp. $15.95 (paper). Seven environmental problems are analyzed to determine the role of international institutions in protecting the environment.

Hormats, Robert D., "Reforming the International Monetary System: From Roosevelt to Reagan." **Headline Series** No. 281. New York, Foreign Policy Association, 1987. 80 pp. $5.95. A critique of the flaws in the international monetary system, along with proposals for its improvement.

Kenen, Peter B., ed., **The International Monetary System: Highlights from Fifty Years of Princeton's Essays in International Finance.** Boulder, Colo., Westview Press, 1993. 405 pp. $68.50. Twelve essays by influential economists illustrate the international monetary problems and policies.

Learning From the Past, Embracing the Future. Washington, D.C., The World Bank Group, July 1994. 32 pp. Free. The World Bank is changing rapidly to help reduce poverty and secure sustainable development.

Rowen, Hobart, **Self-Inflicted Wounds: From LBJ's Guns and Butter to Reagan's Voodoo Economics.** New York, Times Books/Random House, 1994. 447 pp. $25.00. **Washington Post** columnist's critical judgment on events and personalities that have shaped America's economy.

Volcker, Paul, and Gyohten, Toyoo, **Changing Fortunes: The World's Money and the Threat to American Leadership.** New York, Times Books/Random House, 1992. 394 pp. $25.00. Two leading economists present a historical survey of the global monetary order.

BUREAU OF ECONOMIC ANALYSIS, Commerce Department, International Economics, 1441 L St., N.W., Washington, D.C. 20230; (202) 606-9900. ▪ Offers the **User's Guide,** a listing of all material and information available from the bureau, free.

ECONOMIC STRATEGY INSTITUTE (ESI), 1100 Connecticut Ave., N.W., Suite 1300, Washington, D.C. 20036; (202) 728-0993. ▪ Guided by the belief that the next century will be the age of "geo-economics," ESI conducts research, hosts conferences and seminars, and publishes books and articles on U.S. trade and international economic policy.

INSTITUTE FOR INTERNATIONAL ECONOMICS (IIE), 11 Dupont Circle, N.W., Suite 620, Washington, D.C. 20036; (202) 328-9000. ▪ IIE is a private nonprofit, nonpartisan, research institution for the study and discussion of international economic policy. The institute publishes studies, basic references and classroom texts for college students.

NATIONAL COUNCIL ON ECONOMIC EDUCATION, 1140 Avenue of the Americas, New York, N.Y. 10036; (212) 730-7007. ▪ The council sponsors **Economics America,** a comprehensive educational program that provides teacher training and materials for elementary and secondary school students. It is affiliated with a network of state councils and university centers. To locate your state council, request the **Directory of Affiliated Councils and Centers.**

U.S. CHAMBER OF COMMERCE, 1615 H St., N.W., Washington, D.C. 20062-2000; (202) 463-5460. ▪ Helps shape legislative policies on trade issues and offers publications to assist U.S. companies in competing around the globe. To order, contact the International Division/Publications.

U.S. INTERNATIONAL TRADE COMMISSION (USITC), 500 E St., S.W., Rm. 112-E, Washington, D.C. 20436; Public Affairs: (202) 205-1819. ▪ Established by Congress, Usitc is an independent, bipartisan, quasi-judicial agency that collects public- and private-sector views on international trade issues.

OPINION BALLOTS

How to use the Opinion Ballots: *For your convenience, there are two copies of each opinion ballot. Please cut out and mail* one *ballot* per person *only. To have your vote counted, please mail ballots by June 30, 1995. Send ballots to:*

FOREIGN POLICY ASSOCIATION, 729 SEVENTH AVENUE, NEW YORK, N.Y. 10019

TOPIC 5 Global Finance

ISSUE A. *Regarding issues of global finance, the U.S. should:*

	YES	NO
1. Seek a return to the system of fixed exchange rates.	❑	❑
2. Reduce its dependence on foreign capital.	❑	❑
3. Take the lead in incorporating emerging market economies into the global economy.	❑	❑

4. Other, or comment _____

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Date: / /1995 *Ballot continues on reverse side...*

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Date: / /1995 *Ballot continues on reverse side...*

TOPIC 6 China, Taiwan, Hong Kong

ISSUE A. *With regard to overall policy toward China, the U.S. should (choose one):*

❑ 1. Let China determine its own future without interference from the U.S.

❑ 2. Pressure China to accept international standards on trade, human rights and nuclear proliferation.

❑ 3. Continue the policy of "constructive engagement."

❑ 4. Other, or comment _____

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OPINION BALLOTS

ISSUE B. *In making contributions to multilateral development banks, the U.S. should place a higher priority on (choose one):*

- ❑ 1. Protecting the environment in developing countries.
- ❑ 2. Eradicating poverty in developing countries.
- ❑ 3. Other, or comment _____

ISSUE C. *How important is it to you that the U.S. take the following steps?*

	VERY IMPORTANT	SOMEWHAT IMPORTANT	NOT VERY IMPORTANT
1. Increase its savings rate.	❑	❑	❑
2. Reduce its balance-of-payments deficit.	❑	❑	❑
3. Make investing in the U.S. economy more attractive to foreigners.	❑	❑	❑
4. Continue foreign assistance to developing countries.	❑	❑	❑

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ISSUE B. *Concerning relations between China, Taiwan and Hong Kong, the U.S. should (choose one):*

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- ❑ 2. Leave it to Hong Kong and Taiwan to work out their own relations with China.
- ❑ 3. Other, or comment _____

ISSUE C. *In response to China's military buildup, the U.S. should:*

	YES	NO
1. Maintain a strong military presence in Asia.	❑	❑
2. Encourage China to enter into security agreements with other Asian nations and the U.S.	❑	❑
3. Encourage more trade with China.	❑	❑
4. Other, or comment _____		

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China, Taiwan, Hong Kong: U.S. challenges

How should the U.S. respond to the emergence of a new, vigorous China, one of the most dynamic, rapidly growing economies in the world, and its two prospering neighbors?

by Joseph R. Gregory

DENG XIAOPING *(right), with his favored successor, Communist party Secretary General Jiang Zemin (center), and Li Peng, China's premier. Potential challengers to Jiang are waiting in the wings.*

On October 1, 1994, with fireworks and fanfare, the leaders of the Chinese Communist party (CCP) marked the 45th anniversary of the founding of the People's Republic of China (PRC). The week-long celebration ended with an evening finale in Tiananmen Square, where, five years earlier, troops of the People's Liberation Army (PLA) had shot down demonstrators protesting the political repression, corruption and nepotism of the regime. This time, the square was cordoned off by thousands of soldiers and police. Only people of proven fidelity to the party were permitted to take part.

The most powerful man in China was not present. Deng Xiaoping, who turned 90 in August, is said to be blind, nearly deaf and suffering from Parkinson's disease. In recent years his public appearances have grown increasingly rare. Indeed, the four-day secret meeting of the CCP Central Committee plenum—the gathering of party leaders that preceded the celebration—was said to have been taken up largely with the question of who would succeed Deng as China's paramount leader.

Deng's successors will guide nearly 1.2 billion people in China—the most populous nation on earth—into the 21st century. They will also grapple with complex economic and political questions. In the teeth of rising social turmoil, they must decide whether to accelerate or slow the pace of reform in the world's fastest-growing economy. They must come to terms with China's uneasy neighbors, troubled by its growing military power and hunger for acceptance in the world community. And they must resolve quarrels with Taiwan and Hong Kong—two economic powerhouses that may provide models for the future growth of Greater China. (The term refers to the three Chinese economies—China, Hong Kong and Taiwan.)

The decisions taken by China's next leaders will have major implications for U.S. policymakers and the business community as well as ordinary Americans. A prosperous, free-market China could benefit all its neighbors, American traders and the world community at large. But an economically powerful, militarily aggressive power could destabilize world politics and threaten long-term U.S. interests.

In the years since Tiananmen Square, the U.S. debate on China policy has focused on human-rights issues. But Sino-American relations embrace a whole range of economic and security questions. What can the U.S. do to encourage China to improve its human-rights performance and follow the path toward democracy being taken by Hong Kong and Taiwan? How can China be further integrated into the international economic system in a way that serves its need for economic development and also benefits the other countries that trade with and invest in it? And what can the U.S. do to encourage Chinese cooperation in resolving security conflicts in East Asia and in working with the international community to prevent the proliferation of weapons of mass destruction?

Predicting the weather

Napoleon once called China a "sleeping giant" that would, when wakened, cause the world to tremble. The vision of a sinister, resurgent China was one of the worst nightmares of the cold war. Yet the prospect of China imploding into anarchy is equally disturbing. The last time the central government crumbled, with the fall of the Qing Dynasty in 1911, decades of anarchy and war followed, culminating with the Communist takeover led by

JOSEPH R. GREGORY, *a former senior editor of the Foreign Policy Association, has written about and traveled extensively in the Far East.*

Mao Zedong in 1949. He led China until his death in 1976.

Deng may well be replaced by another member of the old guard of Communist revolutionaries who came to power with Mao. In the short term, it is almost certain that party leaders will continue to guide China's political destiny. But many analysts see Deng's approaching death as the end of an era.

"What will China be like in the year 2000?" asks Nicholas D. Kristof, writing in *The New York Times* shortly after finishing a five-year stint as the newspaper's bureau chief in Beijing, the nation's capital. "Predicting its course even a year from now is like forecasting next year's weather."

After Deng, who?

The list of possible successors is too long and too theoretical to name and it includes many dark horses. China's comparatively young president, the 68-year-old Jiang Zemin, has been designated as Deng's successor. But as he maneuvers to consolidate power, other leaders from across the party's ideological rainbow are jockeying for position.

Like President Jiang, Zhu Rongji, the 66-year-old former mayor of the great trading city of Shanghai, tends to be a strong supporter of economic reform and of opening China to the outside world. Other contenders are more conservative. Qiao Shi, the 70-year-old head of the National People's Congress, has the backing of some reformers but also has strong ties to conservatives and members of the PLA, who value his background in China's intelligence and security services. Li Peng, the 66-year-old premier, is also said to have strong support among conservatives, who fear that economic reform at too fast a pace will fuel social unrest and weaken the party's hold on power.

Party elders with behind-the-scenes influence may tilt the balance one way or the other. These include people like Zhao Ziyang, 75, a supporter of democratic reforms, who lost his post as party chief after the Tiananmen Square crackdown. Another is Yang Shangkun, an 86-year-old former president, who backed Deng's reforms but also supported the 1989 crackdown. Yang lost his post as the head of the Central Military Commission in 1992 and was demoted along with his half brother, Yang Baibing, 74, apparently because Deng felt they might threaten his power.

The capitalist road

Since 1979, Deng has led his nation down the road to market-based economic development by letting market forces determine most prices, loosening state controls on industry, allowing private enterprise, and opening the door to foreign investment.

Deng reversed the Maoist policy of forcing farmers to work on huge collective farms and allowed peasants to have long-term leases on farmland and sell most of what they produce. Under his rule, grain production has improved and per capita income has risen in the countryside—where nearly four fifths of all Chinese live. Moreover, Deng has opened a great swath of China's coast to foreign capital by creating special economic zones, from the island of Hainan in the southeast through Guangdong province, adjacent to Hong Kong, and on to Fujian province, opposite Taiwan. In these areas, Chinese entrepreneurs are allowed to go into business with foreign investors with only limited state interference. Perhaps more important, Beijing has acquiesced to the demands of provincial and local authorities for a much greater say in economic matters. For example, the central government has made revenue-sharing agreements that allow provincial governments to retain tax earnings generated by private development projects and other kinds of enterprises. For the first time, local officials have been allowed to benefit from the profits from production in their regions.

These measures have paid off handsomely. Each year for the past 13, China's economic growth rate has exceeded 9%, according to estimates compiled by the U.S. Central Intelligence Agency. Rapid economic growth has vastly improved the lives of a great many Chinese—particularly those who live in the special economic zones. The World Bank reported in a study published in 1993 that the proportion of Chinese living without decent food, housing and clothing dropped from 220 million in 1980 to 100 million in 1990. In 1994, China was considered the world's 11th-largest trading power and the fastest-growing economy. By the year 2002, according to World Bank estimates, Greater China is projected to have a gross domestic product of $9.8 trillion, compared with $9.7 trillion for the U.S. By 2010, it is expected to be the world's largest economy.

However, economic statistics compiled by the PRC are often regarded as unreliable and some experts contest these economic forecasts as too optimistic. In his book *China in the World Economy*, Nicholas R. Lardy, a professor of international studies at the University of Washington, maintains that China's world economic leadership is a long way off. He notes, for example, that the country's per capita income is only about $1,000—about 1/20th that of the U.S. Even at China's present rate of growth, he says, the country's per capita income will not reach American levels for 150 years. China, he notes, is one of the world's largest debtor nations, exporting inexpensive products like toys and garments and importing expensive technological and industrial equipment. Although it is the largest recipient of foreign direct investment among developing nations, it maintains extensive quotas and barriers to imports, a major complaint of American companies that do business there.

Fear of the 'Polish disease'

Economic reform has also let loose a host of social and political problems. Rampant inflation hurts millions of people living on fixed incomes. State industries that once guaranteed an "iron rice bowl"—housing, health care, pensions and other benefits—are breaking down under the new, competitive system. Unemployment is rising as some 10 million to 20 million young Chinese enter the job market every year.

Labor unrest is also growing, posing a fundamental challenge to the legitimacy of the Communist party—the so-called party of the working class. Since the 1980s, China's leaders have feared the "Polish disease"—reform that would spark the kind of workers' revolt launched by the Solidarity movement in Poland that led to the demise of the Communist government. They also watched the last years of the Soviet Union, in 1990–91, with anguish as Gorbachev's reforms led to the breakup of the empire.

Many Chinese party leaders felt that communism unraveled there because Soviet leaders failed to take care of the people. They see Deng's reform measures as a means to fuel economic growth, provide for the Chinese people, maintain social stability—and safeguard their own political legitimacy. Even after Tiananmen Square, Deng argued that China's reform movement must continue.

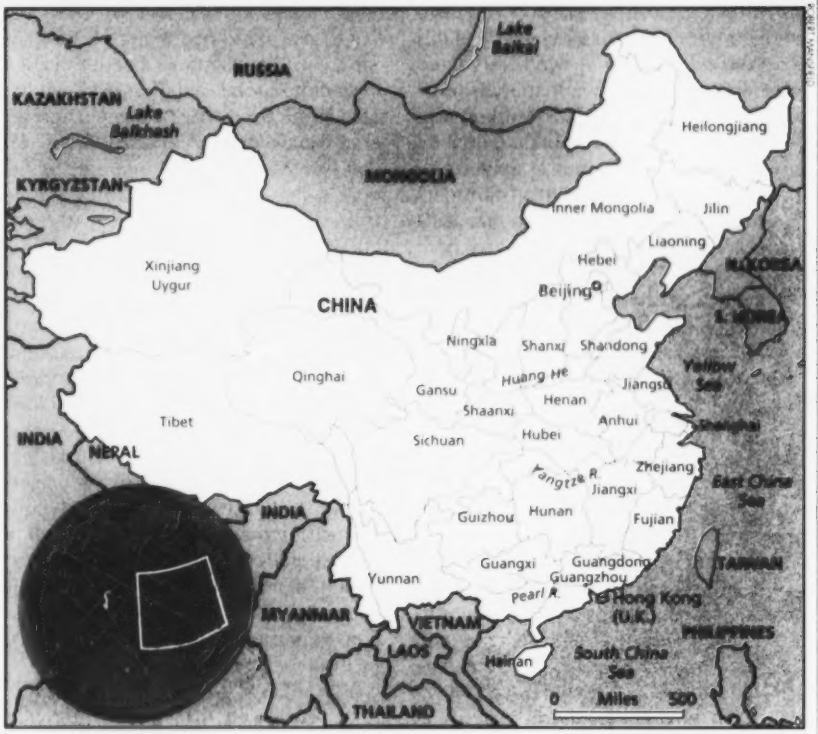
Nevertheless, Beijing has delayed the most difficult reform—closing state factories and trimming surplus workers. Beijing keeps many loss-making state industries in operation with infusions of capital, fueling inflation. It also provides costly benefits to 70% of China's 147 million nonfarm workers.

Every year, 14 million more

A soaring population and what some analysts fear are growing strains on the ability of the Chinese to feed themselves add to concerns about the future. China is projected to add 490 million people in the four decades from 1990 to 2030, swelling the population to close to 1.7 billion. At the same time it is losing a rising proportion of its agricultural lands to the ravages of pollution and to manufacturing, among other uses. Approximately 130 million rural Chinese have migrated to cities in search of better lives. Many find work in the new, independent factories, laboring under conditions reminiscent of the worst aspects of the 19th century Industrial Revolution in the West. In the next decade, millions more are expected to leave the countryside, stoking the pressure cooker of discontent.

Rapid change has also brought rising crime and fueled both regional rivalries and political corruption. As Beijing gives the provinces more leeway to control foreign-investment projects, levy taxes and conduct their own affairs, political authority grows more diffuse and difficult for the government to exercise. Beijing has been slow to build the legal and economic institutions necessary to support free markets. Local bureaucrats create red tape to extort bribes or divert resources to their own projects. Although China is rich in natural resources, has a hardworking population and access to foreign investment, its policies are often self-defeating. Its trade regulations, for example, have been criticized as inconsistent, based on protectionism and overregulation.

China is also fraying along the edges. Muslims in the autonomous region of Xinjiang Uygur grow increasingly fractious; in Tibet, subdued by China in the early 1950s, agitation for political freedom has been rising since the late 1980s, and, despite Chinese crackdowns, the situation there remains tense. China is engaged in border disputes with almost every one of its neighbors, from Vietnam to Russia. From across the South China Sea, Japan watches warily as China develops a leaner, more robust military. From across the Pacific, the U.S. looks on with concern at some of Beijing's exports of missiles and nuclear technology.



Post-Deng scenarios

Many China-watchers predict that the months after Deng's death will extend a period of collective leadership under his chosen successors. While this may accelerate a trend toward democracy, it might also bring about a backlash in the form of a nationalist military state or the fragmentation of the state, with the power of regional leaders growing at the expense of the central government. Of course, none of these scenarios is hard and fast; China at the turn of the 20th century might experience a combination of all three. Indeed, Deng himself favored different policies at different times. When it was politically and economically expedient, he permitted market liberalization. When political demonstrations got out of hand in 1989, he approved a crackdown.

The following three scenarios are offered more as possibilities than as predictions:

■ **The Status Quo:** The party remains in charge but economic liberalization and integration with the international community continue at the current pace. In the short term, political authoritarianism remains strong, but the base for democratic reform expands with prosperity, much the same as it did in Taiwan, where decades of dictatorial rule and political repression are now giving way to such reform. Under this scenario, a prosperous middle class can gradually emerge from under the thumb of an oppressive state to demand democratic reform. Such a change may occur in piecemeal fashion, with China's more prosperous coastal provinces—with their greater access to foreign trade and the influence of Hong Kong and Taiwan—leading the way.

■ **The Nationalist Military State:** The PRC is currently a Communist country in the sense that most political power lies in the hands of the party hierarchy. Order is reinforced by the PLA, which itself controls many business, army and paramilitary organizations. The PLA receives income from arms sales, transportation networks, factories and farms. It makes everything from kitchen appliances to civilian clothes. Its influence is extensive, and any would-be leader must win its support.

Some China-watchers envision a new

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authoritarianism—an alliance of Communists and military and industrial leaders that would deliver prosperity to the elite and varying degrees of comfort to supporters down the social and economic scale. Under the banner of nationalism and unity, almost everyone would be provided for. But dissenters would be crushed with methods just as fierce as those employed by Mao.

Under this scenario, China might use its economic wealth to create a stronger military machine not only to rule at home but also to project power overseas. This would fulfill China's goal of a century—to restore the nation's wealth and power.

■ **A Fragmenting China:** China is far more decentralized today than it was 10 or even 5 years ago. The growth of provincial protectionism, economic exhaustion or the failure to maintain a high level of economic growth could lead to the fragmentation of China, with different parts of the country taking different paths. Such splits could lead to anarchy in some areas and even civil war as different regions and factions grapple for control. Under the Communists, China has hung together for 45 years as a single state after bloody regional fighting from the 1920s through the 1940s. Today, a decentralized, fragmented China could face the same risk of creating problems beyond the country's borders if political chaos and economic instability cause a mass exodus of refugees. On the other hand, a new federalism may evolve, in which China builds the political and economic institutions necessary for running a complex, integrated modern economy.

There is a fourth possible scenario, namely a resurgence of hard-line Communists, but many analysts consider it unlikely. The so-called Maoist faction maintains that Deng's reforms have betrayed the values and achievements of socialism through "money worship." Communism, these alleged leftists say, succeeded in bringing order to a country ravaged by imperialism and economic chaos. Deng and his "capitalist roaders" allowed economic exploitation in the name of progress. The demonstrations in Tiananmen Square were not so much a call for democracy as a protest against corruption and inequality. While no ideological heir has emerged to replace Mao, it is possible that political upheaval and an economic collapse could feed a call for a return to the relative stability of the past. However, if the hard-liners did return to power, it is unclear what steps they might take. They might, for example, move to limit personal freedom and put greater state control on the economy, including sharp limitations on private enterprise and a return to collective farming. ■

ABBREVIATIONS

CCP	Chinese Communist party
GATT	General Agreement on Tariffs and Trade
MFN	most-favored-nation
PLA	People's Liberation Army
PRC	People's Republic of China

Greater China

TODAY, AFTER MORE than four decades of mutual enmity and distrust, the PRC, the island of Taiwan and the British colony of Hong Kong have developed a symbiotic relationship. If all the commercial intercourse of the mainland, Taiwan and Hong Kong were considered as a single economic unit, the powerhouse known as Greater China would be America's third-largest trading partner, after Canada and Japan, supplanting Mexico.

Interdependence and distrust

The interdependence of trade is great. Taiwan, through vigorous export and investment policies, has built up $90 billion in foreign-exchange reserves—more cash on hand, according to *The Wall Street Journal*, than any other government except Japan. Taiwan provides China with investment capital, manufacturing technology and management experience. Hong Kong does the same, serving as a conduit for foreign investment in China. In return, the mainland Chinese provide inexpensive labor and a potentially huge market for all kinds of goods. China cannot continue to grow without access to outside markets and foreign capital. More than four fifths of total investment in China comes from overseas—mostly through Hong Kong and Taiwan.

Well over half of Hong Kong's manufacturers now make their products in plants along the Pearl River in China's Guangdong province. And Taiwanese companies are reported to have invested roughly $20 billion in mainland factories and real estate.

Despite this symbiotic relationship, Beijing's distrust of Hong Kong and Taiwan remains strong, and it is repaid in kind. The island of Hong Kong became a British colony in the 19th century. Britain leased the New Territories adjacent to Hong Kong on the mainland in 1898. "Fragrant Harbor"—in translation — quickly became a symbol of Western commercial and imperial power. To the Chinese, however, it became a symbol of foreign domination.

Yet when the Communists triumphed in 1949, chasing the army of the Nationalist leader Chiang Kai-shek off the mainland to the province of Taiwan, they did not move against Hong Kong. Hundreds of thousands of refugees poured into the colony. Some were Chinese of the merchant class from the great trading centers of Shanghai and Canton, now known as Guangzhou; others were peasants and laborers. Many of these refugees had strong ties to the West and familiarity with Western ways of doing business. They added their skills to the nucleus of business talent already in Hong Kong. Today the colony is a prosperous metropolis of 6 million people.

The new Communist government left Hong Kong alone for several reasons. Beijing needed a conduit to the West. Hong Kong became the door through which foreign remittances and goods flowed into China as Hong Kong Chinese sent money and goods to relatives across the border. Beijing also used the city much as the Soviet Union used Berlin, as a meeting ground to exchange information and goods.

With Britain's lease to the New Territories due to expire in 1997, Britain decided in the early 1980s to return all of Hong Kong to China. In 1984, London reached an agreement with Beijing under which sovereignty over the territory would be restored to China. Under the formula of "one country and two systems," much of Hong Kong's political, economic and social structure would be preserved for 50 years. Beijing agreed that Hong Kong would become a Special Administrative Region after 1997, au-

tonomous except in defense and foreign affairs. In effect, this permits the former colony to retain its capitalist system even though it will be under the sovereignty of a Communist state.

But problems soon arose. The joint declaration issued by the two countries suggested that Hong Kong would have a democratic political system with guarantees of civic and political rights. But as that political system was defined by China in the Basic Law of 1990, the promises of democratic government seemed to be less substantial than had been expected. In the turmoil following the massacre at Tiananmen Square, Beijing was much less amenable to allowing full representative government because it feared that a democratic Hong Kong might influence politics on the mainland and become a base for subversion in China.

In 1992 Christopher Patten, the British governor of Hong Kong, proposed reforms to strengthen representative government in Hong Kong. The proposals would raise the number of people eligible to vote to 2.7 million from 200,000. The reforms also called for a change in the composition of the Legislative Council to increase the number of elected members and representatives of business, professional and labor organizations at the expense of government appointees. The reforms were passed in June 1994. While they will hardly turn the colony into a democracy, they may strengthen Hong Kong's position once it reverts to China.

Beijing officials vigorously oppose the reforms and have warned that they will dismiss the legislature once they take power. Such ominous rumbling has fueled a debate in Hong Kong, where many in the business community, wary of antagonizing China, oppose the governor and are seeking a more accommodating stance with Beijing. Others distrust China completely. Many people have been voting with their feet, emigrating from the colony at the rate of 60,000 a year since 1989. Some have left for the U.S., Canada or other nations either permanently or long enough to establish residency before returning.

Many people, including much of the U.S. business community, which claims about $7 billion in investments and $18 billion in two-way trade with Hong Kong, take an optimistic view of the colony's future. They are basically gambling that China will not kill the goose that lays the golden eggs. They see Hong Kong's fate tied inextricably to the rest of China. If political and economic freedom continue to take hold, the colony's future is assured. If not, the fate of Hong Kong is up in the air, regardless of Beijing's 50-year guarantee.

MORGAN CHUA, FAR EASTERN ECONOMIC REVIEW, HONG KONG

The U.S. has no responsibility for relations between Hong Kong and China, but it does have significant interests. In 1992, Congress passed the U.S.-Hong Kong Policy Act, whereby the U.S. will continue to treat Hong Kong as a separate entity in the areas in which China permits it to act autonomously. While Washington can do little directly to ensure that the Chinese keep their word, America's stake in Hong Kong's future is part of its broader interest in promoting human rights, democracy and continued liberalization of trade in the region.

Taiwan

U.S. relations with Taiwan are deeper and more complex than those with Hong Kong. Taiwan's emergence as an economic power with diplomatic ambitions is relatively recent. In the mid-19th century, the island, 100 miles from the mainland, was a province of China. From 1895 to 1945 it was the Japanese colony of Formosa. Beijing still considers it a province. The PRC requires all countries with which it has diplomatic relations to acknowledge its claim that Taiwan remains part of China, and it has warned that any declaration of independence by Taiwan might result in military action. This greatly complicates U.S. diplomacy with both nations.

At the end of World War II, Washington faced no such ambiguity. After Chiang Kai-shek's defeat in the civil war, the U.S. stood behind the Republic of China, using its influence to make Taiwan the sole representative of the Chinese people in the United Nations. When the Korean War broke out in 1950, the U.S. bolstered Taiwan with economic and military support, and the two nations signed a mutual defense treaty in 1954. But Chiang Kai-shek was a frustrating ally, suspicious of democracy and distrustful of the U.S. During World War II, he used American military aid to solidify his position against the Red Army rather than aggressively attack the Japanese. In 1947, Nationalist troops holding Taiwan crushed a wave of protest against their rule. Scholars estimate that some 8,000 people, mostly native Taiwanese, were slain. After Chiang and 2 million of his followers fled to the island where they relocated the Republic of China, they were ruthless in asserting power over the Taiwanese. Over the next three decades, dissidents were murdered or imprisoned, elections were rigged, and the press and the schools were rigidly controlled.

While the Communists on the mainland were experimenting with the collectivization of agriculture and a centralized economy, Taiwan followed the path of authoritarian capitalism. Like South Korea and Singapore, Taiwan combined single-party rule with state control of production. Its economy boomed. Today, the country of 21 million people has the world's 14th-largest economy. Its per capita income is just over $11,000, compared to roughly $1,000 for China. With prosperity came a rising middle class of professionals—business, labor and academic—who gradually built their own independent bases of power.

TAO CHUN TEH/AP PHOTO

TAIWANESE PROTEST *the arrival of a delegation from the PRC. The opposition Democratic Progressive party favors a new constitution to establish the Republic of Taiwan as an independent country.*

When Chiang Kai-shek died in 1975, he was succeeded by his son, Chiang Ching-kuo, who allowed political reform but not enough to threaten the dominance of the ruling party, the Kuomintang. He died in 1988 and was succeeded by Lee Teng-hui, the current president, who is a native Taiwanese. Since then, Taiwan has moved more quickly toward political and economic liberalization. Today, all political prisoners have been freed, and there are multiparty elections for a representative government. The press is no longer censored and criticism of the regime is permitted. Political corruption, however, is rampant. The main opposition, the Democratic Progressive party, wants a new constitution to establish the Republic of Taiwan as an independent country. The National Assembly is in the process of amending the constitution to provide for the first direct presidential elections, which are expected to take place in 1996.

As Taiwan has become more democratic, support for statehood has grown—much to Beijing's displeasure. Kuomintang leaders feel the ruling party has to take steps to demonstrate that it is responding to these aspirations, and it does so by pushing for a greater international role for Taiwan. This in turn makes Beijing suspicious that the Kuomintang, too, is becoming pro-independence.

Unlike Hong Kong, Taiwan is not on the road to formal unity with China. It has economic ties with more than 100 nations and diplomatic relations with over two dozen others. The more Taiwan is able to operate as an independent, prosperous democracy, the less likely it is to rejoin China. Taiwan's government has also made it clear that once Hong Kong reverts to China, its commercial contacts with the former colony will continue.

A place among nations

Since taking office, President Lee has fought to reduce Taiwan's isolation. In 1993 and again in September 1994, Taiwan made a bid to have the UN, which it was forced to leave in 1971 when the PRC was admitted to occupy the China seat, consider the "exceptional" status of the "Republic of China on Taiwan." But only a handful of member nations supported the move; most did not want to open a "two-China" debate, and the measure did not make it to the General Assembly again.

In recent years, the PRC and Taiwan have been driven by mutual economic interests to seek better relations. China has proposed that Taiwan follow Hong Kong's route of "one country and two systems." It could retain its present political and economic system, maintain a separate army and enjoy other prerogatives of an independent state.

To placate Beijing, President Lee in 1991 declared that the civil war between the Communists and the Kuomintang had ended and Taiwan ceased to claim sovereignty over the mainland. Moreover, President Lee says Taiwan does not seek to become a new nation. "The ultimate goal of the Republic of China is unification," he told *The Wall Street Journal* in an interview in October. "But until conditions become more mature, we won't talk. If the Chinese Communists continue to behave like they do, then the people of Taiwan will be apprehensive." He added that it is not likely that the two can reunify until China "is free and democratic and the people of the mainland enjoy prosperity."

Throughout 1994, relations between Taiwan and China seemed to thaw, freeze up and then thaw again. In the 1980s, Beijing's relaxation of a ban on tourists from Taiwan suggested that relations were improving. Then, last March, some 24 Taiwanese tourists were among 32 people killed in a suspicious fire aboard a boat on Qiandao Lake in southeastern China. Three bandits were caught and executed by China. But Taiwan suspected that Beijing was trying to cover up a murderous robbery by renegade policemen or members of the PLA. The incident fueled the call for independence in Taiwan. It also caused officials in Taipei, Taiwan's capital, to delay but not halt negotiations to improve ties with Beijing.

In August, Taiwan and China agreed in principle on measures to end a series of airline hijackings by Chinese seeking refuge in Taiwan. This was the first time Beijing had agreed to recognize Taiwanese authority to determine who among the 16 hijackers involved in 12 incidents would be treated as political refugees and who would be returned to China. Other agreements have also loosened some restrictions. For example, Taiwanese banks are now to be allowed to conduct some direct business with China, and both governments may set up direct transportation links across the Taiwan Strait. Nevertheless, many Taiwanese do not wish to be part of China while the Communists remain in power. Others are committed to the idea of Taiwan as a separate nation.

One China, or two?

Beijing's insistence that there is only one China has complicated U.S. relations with Taiwan ever since President Richard M. Nixon first sought rapprochement with the Communists in the early 1970s. At that time, the U.S. was seeking the PRC's support in containing an expansionist Soviet Union—a prospect that worried Beijing as much as Washington. After President Nixon visited Beijing in 1971, Sino-American relations began to improve

markedly, much to the consternation of Taiwan. In order to establish full diplomatic relations with Beijing, President Jimmy Carter agreed to end formal ties with Taiwan in 1978: the mutual defense treaty was terminated, and U.S. troops were withdrawn from the island.

While the normalization of U.S. relations with the PRC was generally applauded in America, some conservatives argued that U.S. interests lay in favoring Taiwan over Beijing. Relations with Taiwan continue on an unofficial basis through the American Institute in Taiwan. The U.S. also continued to sell military equipment, and in 1992 Washington agreed to let Taiwan purchase 150 F-16 fighters—over Beijing's objections.

Commercial relations are thriving. In 1993, Taiwan was America's sixth-largest trading partner, buying $16 billion worth of U.S. products—nearly twice as much as China buys from the U.S. Taiwan continues to enjoy strong support from many congressmen, who see it as an important friend in the region. Although the president of Taiwan has not been allowed to meet formally with the President of the U.S. since 1979, several senators have called on the Clinton Administration to allow President Lee to come to the U.S., even though Beijing is likely to object.

The Clinton Administration says it will maintain the "one China" policy. At the same time, it wants to keep the lines open to Taiwan. In the fall of 1994, to Beijing's displeasure, Washington announced that it was raising the diplomatic level of trade negotiations with Taiwan. A major reason for the change was an effort to keep America's commercial competitors in Europe from gaining advantage in the Taiwan market. ■

China and America

THE EARLY 1990s have been a time of confusion in international affairs. With the end of the cold war, the U.S. has lost what had been for almost 45 years the sharp focus of its foreign policy—the battle against communism. Only a few Communist regimes survive—China, Cuba, North Korea and Vietnam—and they are no longer menacing exporters of revolution but anachronisms in a fast-changing, increasingly interdependent world. Even the PRC, the last great Communist state, has evolved into a political system that Kristof has characterized as Market-Leninism—a market economy controlled by a Communist central government. How to deal with this government, which promotes free markets but continues to violate human rights, has become the central issue of the debate on U.S.-China policy. This debate, born of a clash between America's economic and security interests on the one hand and its self-image as the world's leading advocate of democratic values, centers on one basic question: How should the U.S. weigh these sometimes competing interests?

American frustrations with China have been seething since the crackdown in Tiananmen Square, which came at a time when many China-watchers hoped that economic liberalization would bring a corresponding rise in political freedom. The massacre crushed those hopes. To demonstrate American anger, President George Bush ordered the suspension of all military sales to China, stopped the commercial export of Chinese weapons to the U.S., and withdrew American support in multilateral development banks for loans to China, except for basic human needs. All except the ban on military sales were subsequently removed.

MFN and human rights

The President's critics, including presidential candidate Bill Clinton, charged that Bush's policy did not go far enough. They called for the U.S. to put pressure on China by tying most-favored-nation (MFN) trade status—the right to receive the standard low U.S. tariffs on imported goods—to greater respect for human rights. In 1991 and 1992, Congress passed legislation that would have greatly increased tariffs on imports from China if Beijing failed to stop human-rights abuses, reduce arms sales and end unfair trading practices. President Bush vetoed the legislation.

President Bush characterized his policy as one of constructive engagement. He argued that keeping the lines of communication to Beijing open would aid the development of political freedom in China and lead to inevitable improvement in human rights. The Bush Administration's defenders argued that American interests go beyond the human-rights problem to an array of complicated issues. The U.S. needs to work with China to combat growing environmental pollution; it needs Beijing's influence in dealing with an unstable North Korea; and it must reach an accord with Beijing to stop or limit China's export of weapons, which includes the sale of nuclear and missile technology and feeds regional instability.

During the 1992 presidential race, Clinton attacked his rival's position. He called for a tougher approach toward Beijing, pledging to link MFN to human rights, and excoriated Bush for doing "business as usual with those who murdered freedom in Tiananmen Square." The U.S., he said, "has a higher purpose than to coddle dictators."

In May 1993, four months after taking office, President Clinton threatened to withdraw MFN if China did not meet his human-rights conditions by June 1994. As the deadline approached it became clear that the Chinese—historically resentful of Western intervention in their internal affairs—would not bend. Secretary of State Warren Christopher, in a visit to China in March 1994, held meetings with government officials that both sides later described as frigid. Moreover, in a sign that the Clinton Administration's policy was backfiring, near the time of Mr. Christopher's trip the Chinese government ordered the arrests of prominent dissidents, although most were later released. (Some analysts attribute the hard line taken by the Chinese to the possibility that they were already involved in a succession struggle and that each faction felt that granting concessions to the U.S. would open it to attack by its rivals.)

Meanwhile, pressure mounted from American business groups to extend MFN status. Chinese exports to the U.S. now total roughly $30 billion a year. The U.S. sells about $9 billion worth of goods each year to China, and it is estimated that 150,000 American jobs are tied to China trade. On May 26, 1994, President Clinton announced that he would renew China's MFN status.

"Faced with a choice between disrupting the vast American economic relationship with China or eating a little crow on his human-rights promises," wrote Tho-

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mas L. Friedman, diplomatic correspondent of *The New York Times*, "Mr. Clinton chose crow."

Other analysts felt that the growing possibility that North Korea was developing nuclear weapons also played a major part in Mr. Clinton's decision. China is an ally of North Korea and Washington needed Beijing's cooperation in attempting to resolve the problem. As one of the five members of the UN Security Council, China's approval was necessary to apply sanctions to North Korea.

President Clinton defended his decision: "To those who argue that in view of China's human-rights abuses we should revoke MFN status, let me ask you the same question that I have asked myself: Will we do more to advance the cause of human rights if China is isolated or if our nations are engaged in a growing web of political and economic cooperation and contacts?"

To some, President Clinton's decision was a vindication of President Bush's policy. To organizations like Human Rights Watch it was a betrayal. The group charged that the Clinton Administration was "effectively removing all pressure on China to improve its human-rights practices."

Keeping up the pressure

Despite the lack of success in tying trade to progress on human rights, some China-watchers maintain that the U.S. can still take steps to recover its credibility on the issue. For example, a bill was introduced in Congress in 1994 that would establish a code of conduct for American companies doing business in China and Tibet that was modeled roughly on the Sullivan Principles that were adopted voluntarily by many American companies doing business in South Africa during the *apartheid* era. The bill would have U.S. companies operating in China protect their employees' freedom of expression and assembly in the workplace.

Other features of the code might include adherence to minimum labor standards, noncooperation with surveillance of employees' political activities and a prohibition against dealing with suppliers who use prison labor. Moreover, the U.S. could link progress on rights to other areas in the U.S-China relationship. Washington argues that Beijing's desire for greater acceptance in the world economy makes it susceptible to Western pressure. Lardy maintains, for example, that, given China's desire to join the World Trade Organization, the successor to the General Agreement on Tariffs and Trade (GATT) that is to come into being at the beginning of 1995, the U.S. should begin linking the granting of MFN status not to improvements on human rights but to China's adherence to rules of fair trade.

Weapons of mass destruction

Many China-watchers argue that deepening China's integration into the world economy will also help solve another worrisome issue—its military buildup and the sale of military and nuclear technology. Most analysts agree that China does not pose a direct military threat to the U.S., but there is disagreement as to whether it poses a potential threat to U.S. interests in Asia. Some fear that a political struggle within China could lead to civil war and chaos that could spill over the border; others fear a military-backed expansion; others say such fears are exaggerated.

Since 1989, Beijing has been upgrading China's military capabilities, using its economic boom to finance the buildup. Before that, defense spending had been declining. The U.S. Arms Control and Disarmament Agency estimated that in 1989 the Chinese military budget was 25% less than it had been in 1979. Every year for the last five years, it is reported to have risen by 10%, and it may have reached $7.4 billion in 1993. But these statistics may be unreliable. Some analysts say the actual spending may be higher.

The Chinese say that they are modernizing their antiquated military, and they point out that Indonesia, Malaysia and other nations in the region also are upgrading their forces. In comparison with Western forces, China's military capabilities are weak. According to a report compiled by the Congressional Research Service, the army lacks the means to move troops quickly. Its fleet of 100 submarines has the world's highest rate of fatal accidents. Many date from the World War II era and are not seaworthy. China's 5,000-warplane air force suffers from poor maintenance and unreliable air-fueling methods that severely restrict the range of its fighters and bombers. In terms of military strength, the report says that China is closer to a Third World country like Iraq before the Persian Gulf war of 1991: its forces are large, but no match for the advanced technology of the U.S.

However, China remains a potential threat to its neighbors. For example, China and Vietnam both claim islands in the Paracel and Spratly chains that supposedly lie over rich oil deposits under the South China Sea. In 1974, Chinese forces took control of several Paracel Islands, and in 1988 China seized six of the Spratly Islands. It also has border disputes with India, with which it fought a war in 1962. More skirmishes along the Sino-Indian border were reported in 1986 and 1987.

China has also fueled the arms race between India and Pakistan, both of which have or are near to having nuclear weapons. U.S. officials say there is overwhelming evidence that China sold Pakistan the technology for M-11 missiles, which can carry nuclear warheads over a range of 300 miles. Moreover, in the fall of 1994, China resumed underground nuclear tests of a new generation of ballistic-missile warheads. India considers itself a potential target, and it has used China's continued nuclear testing as justification for its own nuclear-weapons program. Although China is said to rank third or fourth among nations in terms of the explosive yield of its nuclear weapons—behind the U.S. and Russia, and roughly equivalent to France—Chinese delivery systems remain relatively backward.

U.S. military presence

Many observers are more concerned that a power struggle in Beijing may result in a new, militarily aggressive leadership. China's growing military power feeds the arguments of those who maintain that the U.S. should continue to keep a military presence in Asia. During the cold war, hundreds of thousands of American troops were deployed in Japan, South Korea and elsewhere in the region. With the end of the cold war, the U.S. has been reducing its forces in Asia, as it has in Western Europe. Pentagon planners currently call for the U.S. to keep about 100,000 troops in the region, mainly in Japan and South Korea. Proponents of the current planning maintain that this policy sends a message to Japan, South Korea and Taiwan that the U.S. will continue to promote peace and stability in the region.

While few argue that the U.S. should withdraw totally from Asia, some analysts think Washington should emphasize economic pressure in its dealings with China. Beijing has a considerable economic interest in avoiding war with its neighbors. Access to markets in the U.S.,

where China sells a third of its exports, is an important weapon, as is China's access to the advanced technology of the West. The U.S. can work with other nations to stem the flow of advanced technology to China. At the same time, it can use its influence to help China move toward membership in the World Trade Organization and other associations to help wean it from its isolated past.

U.S. policy options

While the course of China's future is unclear, few people doubt that an economically more powerful, militarily stronger China is emerging as the 21st century dawns. The basic issue facing Americans is how the U.S. chooses to deal with a Greater China in the sense of a more powerful nation with close ties to Hong Kong and Taiwan. What policies should the U.S. follow to bring China into the community of nations? How can it encourage the next generation of Chinese leaders to participate in arms-control measures and organizations to enhance regional security? To what extent does the U.S. expect China to live up to global standards on human rights? Following are four principal policy issues and options for each.

1. U.S. overall policy toward China.

a. The U.S. must be primarily concerned with acting in its own economic and security interests and leave China's future to the Chinese. China is a developing country that needs time to work its way into the family of nations and establish its own pace for abiding by international norms on trade, security and human rights.

b. Washington should use its international influence and economic clout to pressure China's leaders to accept international norms on trade, security and human rights. Washington must keep in mind that the situation in China may change quickly and must remain actively engaged to help move China in the right direction.

c. The U.S. must stake out a moderate position between these two views, continuing the strategy of constructive engagement embraced by both President Bush and President Clinton. Acting too aggressively will feed fears on the part of some Chinese that the U.S. is attempting to undermine Beijing. Being too reticent will result in missed opportunities.

2. Response to China's rising military power.

CHINA'S MILITARY BUDGET *has been growing by 10% a year since 1989. Experts disagree whether the PRC is merely modernizing its antiquated forces or is preparing to project China's power. Above, torpedo boats patrol the South China Sea.*

a. The best way to contain the Chinese military is to maintain a U.S. military presence in Asia and to retain America's place as the world's major nuclear power. The U.S. should encourage Japan, South Korea, Taiwan and other friends to remain strong militarily.

b. The U.S. has never been in a stronger position to promote peace. It can do this by working multilaterally to reduce the proliferation of weapons of mass destruction. It must keep in mind that China remains greatly dependent upon U.S. investment, trade and technology. These remain by far the strongest tools for influencing China's future.

3. Policy toward Greater China.

a. Washington should actively support more autonomy for Hong Kong and a greater international role for Taiwan. Taiwan is already partially recognized as a nation in its own right and remains a firm friend. In the long-term, U.S. support for Taiwan will encourage Beijing to follow it on the path to democratic reform.

b. The U.S. should leave the peoples of Hong Kong and Taiwan to work out their own futures—it is not a matter of real U.S. interest. Washington must deal pragmatically, acting to protect its business interests in both places while avoiding complicating relations with Beijing.

c. Where it can, the U.S. should work to encourage movement in the direction of American values, but not make this a condition of U.S. relations.

4. Role of trade and human rights.

a. The U.S. must and can take a stronger stance on human rights. China has made it clear that it seeks greater acceptance in the world economy but it continues to abuse human rights and violate GATT rules on fair trade. Although the threat of withholding MFN has proved ineffective, there are other, more powerful levers for influencing Beijing. For example, the U.S. should condition China's membership in the World Trade Organization on greater efforts by Beijing to stop human-rights abuses. America should work with its allies to withhold the sale of advanced technology and other goods the Chinese need to put pressure on China to conform to international trade and human-rights standards.

b. It is a mistake to see Sino-American relations solely in terms of human rights. America's fundamental interests are best served by a policy that deals with China on an issue-to-issue basis. Failures in one sphere should not undermine the entire relationship between the two nations. This means that trade issues should not be tied to human rights. The best way of ensuring that human-rights abuses end is to work for an open China. ■

DISCUSSION QUESTIONS

1. Human rights remain an important concern in U.S. relations with China. What can the U.S. do to encourage China to curb abuses? Should Washington once again tie rights to trade, or should it continue to separate the two issues? How should the U.S. weigh these sometimes competing interests?

2. China continues to test nuclear weapons and sell advanced nuclear and weapons technology overseas. What can the U.S. do to encourage Chinese cooperation in preventing the proliferation of weapons of mass destruction and resolving security conflicts in East Asia?

3. China is seeking membership in the World Trade Organization, yet many nations say that it does not follow rules outlined under GATT. How can the PRC be further integrated into the international economic system in a way that serves its need for economic development and also benefits the other countries that trade and invest in China?

4. China's growing military power stirs a debate in the U.S. about whether to continue to keep a strong military presence in Asia to promote regional stability. Do you think a continued display of American military might in Asia is necessary?

5. How should Washington respond to Taiwan's desire for a broader international role without undermining U.S. relations with China?

6. How should the U.S. deal with Greater China? What approach, for example, should Washington take toward Hong Kong after it reverts to Chinese rule?

7. In the past, Sino-American relations have been couched mainly in terms of human rights. Obviously, there is a wide range of issues between the two countries. Do you feel that politicians and the press have adequately conveyed the complexity of American relations with China?

READINGS AND RESOURCES

"China: Boom or Bust?" **World Press Review,** July 1994, pp. 8–16. Differing views on China from newspapers and periodicals from around the world.

China, 1994. **Current History,** September 1994. The entire issue is devoted to Beijing's relations with the U.S., human rights, and cultural, political and economic issues in China and Taiwan.

Christopher, Warren, "America and the Asian-Pacific Future." **U.S. Department of State Dispatch,** May 30, 1994, pp. 348–50. The U.S. secretary of state outlines the Clinton Administration's policy toward China and its neighbors in an address to the Asia Society in New York City on May 27, 1994.

"The Emergence of 'Greater China': Implications for the United States." **National Committee China Policy Series,** No. 5, October 1992. 25 pp. A report on a project of the National Committee on U.S.-China Relations, Inc., with the support of the Henry Luce Foundation.

Harding, Harry, "Asia Policy to the Brink." **Foreign Policy,** Fall 1994, pp. 57–74. A specialist in Asian affairs at the Foreign Policy Studies Program of the Brookings Institution casts a critical eye at the Clinton Administration's handling of U.S. interests in Asia.

Kristof, Nicholas D., and WuDunn, Sheryl. **China Wakes: The Struggle for the Soul of a Rising Power.** New York, Times Books/Random House, 1994. 480 pp. $25.00. The authors, a married couple, record their experiences as correspondents for **The New York Times** in China from 1988 to 1993.

Lardy, Nicholas R., **China and the World Economy.** Washington, D.C., Institute for International Economics, 1994. 160 pp. $16.95. The author challenges several common perceptions of China's economic future and offers ideas on how to help end the country's political and economic isolation.

THE ASIA/PACIFIC RESEARCH CENTER, Stanford University, Rm. 200, Encina Hall, Stanford, Calif. 94305-6055; (415) 723-9741. ▪ A research and training institute, the center has a number of outreach programs geared to businesses with an interest in Asia.

ASIA SOCIETY, 725 Park Ave., New York, N.Y. 10021; (212) 288-6400. ▪ Sponsors study missions, conferences and public programs and publishes annual briefings and media background papers on Asia. For teachers the society offers multimedia curricular materials, training workshops and a national resource center on Asia.

THE CLAREMONT INSTITUTE, 250 West 1st St., Suite 330, Claremont, Calif. 91711; (909) 621-6825. ▪ The Asian Studies Center of the Claremont Institute for the Study of Statesmanship and Political Philosophy is a conservative research organization that publishes books, reports and studies.

EAST ASIAN INSTITUTE, Columbia University, 420 West 118th St., New York, N.Y. 10027; (212) 854-2592. ▪ The East Asian Curriculum Project works with secondary and elementary teachers, providing workshops, classroom materials, guides and consultation on curriculum, audiovisual aids, textbooks and travel opportunities.

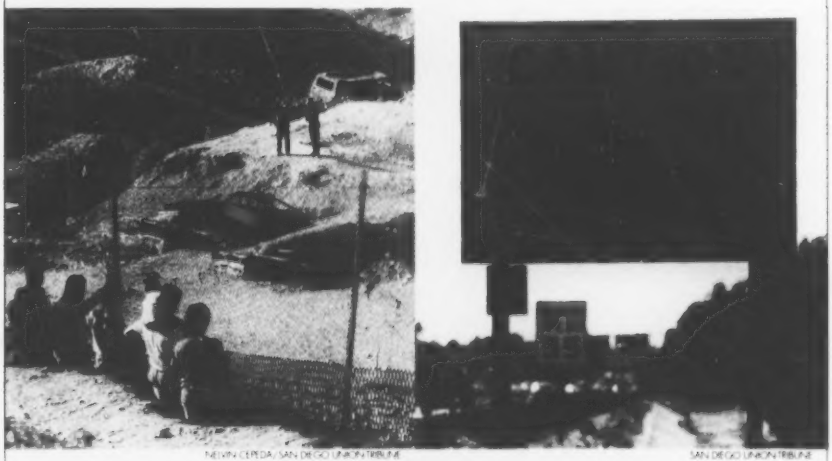
EAST-WEST CENTER, 1777 East-West Rd., Honolulu, Hawaii 96848; (808) 944-7111. ▪ A major research institution founded by the U.S. Congress that focuses on economic, social, cultural, political and environmental issues affecting the Pacific rim.

NATIONAL COMMITTEE ON U.S.-CHINA RELATIONS, 777 United Nations Plaza, New York, N.Y. 10017; (212) 922-1385. ▪ The committee is a public nonprofit organization that encourages understanding of China and the U.S. among citizens of both countries. Involved in exchange, educational and policy activities dealing with a wide range of issues with respect to the People's Republic of China, Hong Kong and Taiwan.

Immigration: an end to open doors?

Political oppression, war and poverty uproot people and compel them to seek a new life. While migration itself is centuries old, the growing magnitude and awareness of it, and the wide-scale resistance to it, are new.

By Karen M. Rohan



SAN DIEGO, CALIF.: *Tighter border controls have slowed illegal immigration at a few points. A fence—and the Border Patrol—block a family's passage. However, access to the U.S. is still easy. Motorists on I-5 in south San Diego are cautioned to watch out for immigrants on the run.*

HAITIANS AND CUBANS in makeshift boats drown at sea trying to reach Florida. Smuggled Chinese drown off the New York coast when their freighter, *Golden Venture*, hits a sand bar. After dark, Mexicans cross the Rio Grande into Texas. These images on television in recent years have contributed to a growing awareness—and wariness—of immigration in the U.S. In many states it was an election-year issue. Although the most-publicized coverage focuses on the plight of refugees or illegal immigrants, public perception often does not differentiate between refugees, illegal aliens and legal immigrants.

Other countries face similar pressure from rising immigration. The breakup of the Soviet Union caused millions to migrate west, especially to Germany. The war in former Yugoslavia and economic hardship in other parts of Eastern Europe have contributed to the tide of immigrants. Fear of Islamic extremists and economic difficulties in Algeria and Egypt have driven thousands of North Africans to the Mediterranean countries of Europe. Mainland Chinese head for Hong Kong, some to stay there, others to push on to the U.S. Russia faces its own migration crisis, as ethnic Russians arrive from other former Soviet republics. In addition, tens of thousands of Africans and Asians, who had hoped to use Russia as a conduit to third countries, have been marooned there since the dissolution of the Soviet empire. They don't have the money to go back home and are unwelcome in other countries. According to *U.S. News and World Report*, nine countries experienced an exodus of 50,000 or more people in 1983; by 1992, the number of countries had increased to 31.

What makes an emigrant choose one country over another? A variety of factors influence the decision: ease of getting in, proximity, job opportunities, existence of a community from the emigrant's hometown or country. Oil-producing countries have drawn migrant labor from the Middle East and Asia since the 1960s. The newly industrialized economies of East and Southeast Asia attract labor from poorer Asian countries. South Africa's economy pulls people from all over southern Africa. Europe is the destination for many North Africans. The U.S. is the magnet for immigrants from Central America and the Caribbean, and Brazil and Venezuela also attract migrants from other parts of Latin America. Movement from Eastern Europe and the former Soviet Union to Western Europe and North America has become a concern since the fall of the Berlin Wall and the dissolution of the Soviet empire.

The relatively low cost of travel today makes it possible for more people to migrate further than in the past. Recipient countries have responded by trying to limit immigration or tighten their borders in an attempt to protect either their standard of living, their ethnic makeup, their political stability, or all of these.

How should the U.S. control illegal immigration? Does legal immigration pose a problem? Is walling a country off from migrants possible? Is it the answer? Or does the solution lie in addressing the "push" factors that cause people to leave home? The following pages examine some of the ways other countries are dealing with immigration, how the U.S. itself has handled immigrants, legal and illegal, and the choices Americans face in determining future immigration policy.

People on the move

Migration both internal and international is driven by many forces, including the consequences of rapid population growth, war, environmental scarcities, political oppression and economic hardship. Many of the displaced have fled from rural areas to the burgeoning cities of the Third World and from there to other countries. The exodus includes some of the most motivated citizens, which can exacerbate economic decline in an area. According to the UN High

KAREN M. ROHAN *is a senior editor of the Foreign Policy Association.*

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Commissioner for Refugees, in 1994 there were 20 million refugees in the world and another 20 million persons displaced in their own countries. More than 100 million people worldwide have immigrated to countries of which they are not citizens.

Ironically, as the "push" factors—the pressures to migrate—have increased, the options available to migrants have dwindled. As long as their economies were thriving, the recipient countries welcomed immigrants. Now, facing their own overcrowding and economic slumps, and needing fewer and fewer unskilled workers, these countries see immigrants as a burden and a threat to their security and well-being. This has contributed to an atmosphere of growing crisis.

A person has a right to leave a country, under international law, but there is no reciprocal right to enter another country. The power to permit or deny entry is recognized as a right of sovereignty. Most countries have provisions to admit refugees, generally defined as those fleeing political persecution whose lives would be threatened if forced to return to their home country. But many countries make a distinction between political and economic refugees: they admit only the former, even though economic privation can be as life-threatening as political persecution.

Stemming the flow

Many believe that if the rate of population growth in Third World countries were reduced significantly, migration would decline. But the impact of lower birthrates will not be felt for years to come. In the meantime, poor countries have little incentive to stop emigration: it eases the pressure for jobs, housing and education, and they count on the remittances of their emigrants to provide a much-needed infusion of capital. According to the UN Population Fund, remittances amount to $60 billion to $70 billion a year for underdeveloped countries. They are second only to oil in value among international flows.

Improving conditions in Third World countries, most experts agree, is critical to reducing pressures to migrate. Without slower population growth and an expansion of economies and jobs, the gap between rich and poor can only continue to grow, leading to increasing political, economic and social discontent. In 1960, the top 20% of the world population had 30 times the wealth of the bottom 20%. Today the top 20% has 150 times the wealth of the bottom 20%.

Europe

Anti-immigration sentiments are exploding all over Western Europe, even in countries known for their tolerance, such as Holland and Sweden. Extreme-right anti-immigration political parties are the beneficiaries of this growing xenophobia. In Belgium, anti-immigration parties made significant gains in local elections. In Austria's legislative election in October 1994, the far-right Freedom party won nearly 23% of the vote, 6 percentage points up from its showing in the 1990 election. The party's leader, Jörg Haider, plans to create a Ross Perot-style "Citizens' Alliance '98," which he hopes will bring him to power by 1998. He has promised that if he becomes chancellor, he will expel all illegal immigrants and unemployed foreigners.

The immigration problem is particularly acute in Germany. After World War II, West Germany adopted a liberal asylum policy: those claiming political asylum received a stipend and housing until their claims could be substantiated, which could take years. It also offered citizenship to ethnic Germans in the hope of luring defectors from Communist East Germany.

Until the early 1980s, few people took advantage of the liberal laws, mainly because of tight border controls by Communist-bloc countries. Then the number of asylum-seekers and job-seekers gradually began to grow. With the tearing down of the Berlin Wall in 1989 and the collapse of the Soviet Union in 1991, asylum-seekers and ethnic Germans from the East poured into the newly reunited Germany, exacerbating unemployment and housing shortages and causing an anti-immigrant backlash. Since Germany's reunification in 1990, at least 30 people have been killed by neo-Nazis, often in firebomb attacks.

Foreigners, especially non-European immigrants, many of whom have been in Germany for decades, have borne the brunt of the resentment and violence. There are over 6.5 million permanent foreign residents in Germany—including 1.8 million Turks—representing 8% of the population. This makes Germany one of the most ethnically diverse countries in Europe, where foreign residents make up 4% of the population as a whole. (In the U.S., the foreign-born represented 8% of the population in 1990.)

The largest body of immigrants are Turks, who came in the 1960s and 1970s as *gastarbeiters* (guest workers) to fill jobs few Germans wanted. Now, many of these workers, whose children speak German as a first language and who have never lived anywhere else, want to be accepted as German. But under German law, one of the criteria for becoming a naturalized citizen is that the applicant must renounce any other national allegiance. Most Turks are reluctant to do this and have lobbied for dual citizenship. Giving up their Turkish citizenship would mean abandoning rights to inheritance or to owning property in Turkey.

Left-leaning parties in Germany have proposed changing nationality laws: the Social Democrats (SPD) would make anyone born in Germany a citizen (as in the U.S.); the Green party supports dual nationality. The ruling right-wing Christian Democratic Union (CDU), which narrowly won elections in October 1994, instead has proposed a limited form of citizenship for children of immigrants resident in Germany for at least 10 years, providing at least one parent was born in Germany. The children would have full rights until the age of 18, when they could become full German citizens if they renounce their other nationality.

In 1993, Germany tightened its asylum law. (An asylee is already in the country and seeks protected status; a refugee is outside the country seeking admission.) Under the new law, no one arriving from a "safe third state"—all of Germany's neighbors have been declared safe by Bonn—is eligible for asylum. Although the number of asylum applications has dropped drastically, Germany still gets almost half of all asylum-seekers in Europe, and experts believe that the number of illegal immigrants in Germany is rising sharply.

France has had some of the same immigration concerns as Germany. France, like Germany, views itself as a homogeneous culture. This makes it difficult for outsiders to win acceptance, let alone become assimilated. France has maintained good relations on the whole with its former colonies; many citizens of these now-independent countries have moved to France. Foreign residents made up 6.4% of France's population in 1990.

As the current conflict between the

government and the religious far-right in Algeria threatens to produce a flood of refugees seeking admission to France and other Mediterranean European countries, French policy has become increasingly anti-immigration. A bellweather is the government's stand on head scarves, which are seen as a symbol of the increasing Islamic presence in France. While permitting the wearing of crucifixes, the government forbids Muslim girls to wear head scarves in school, claiming that wearing overtly religious garb violates the separation of church and state.

In spite of the evidence of anti-immigrant resentment in France, the far-right National Front did not win a single seat in parliamentary elections last year, but its leader, Jean-Marie Le Pen, is expected to run for president in the spring of 1995. The conservative government of French Prime Minister Edouard Balladur has declared the fight against illegal immigration into France a high priority. ■

'A nation of immigrants'

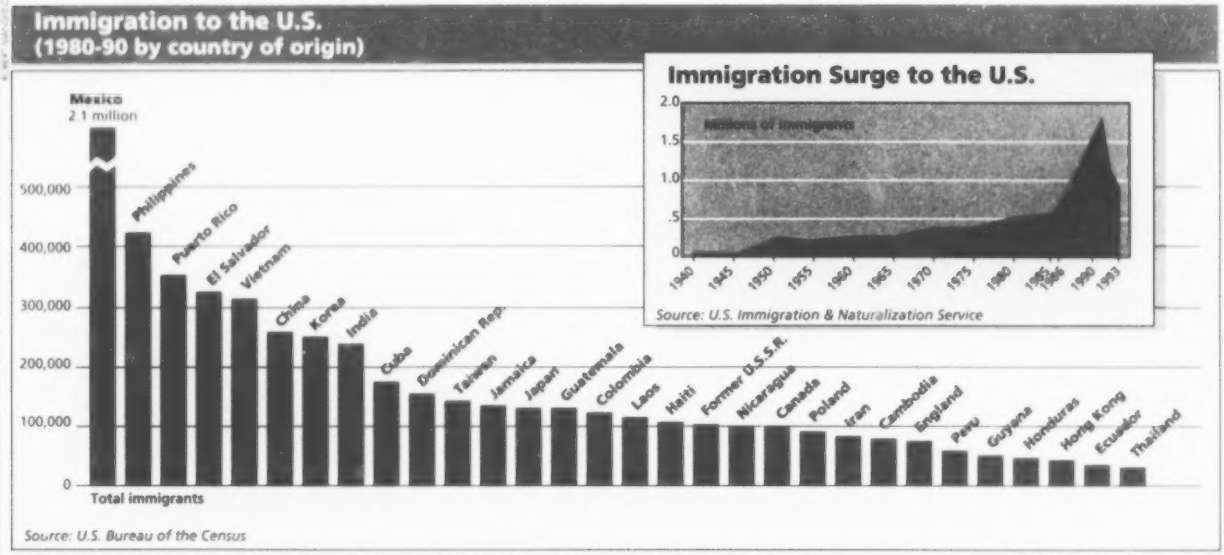
DURING THE DECADE of the 1980s, more than half the world's immigrants gained legal admission to the U.S. Ever since the country's founding, the "golden door" has offered a gateway to economic opportunities and religious and political freedom for millions of immigrants. Each new wave of immigrants has in turn faced hostility and discrimination on the part of the native-born populace. Many Americans today believe that the U.S. has reached its saturation point, that the U.S. economy and environment cannot support more people. A Time/CNN poll in September 1993 found that 73% of respondents wanted the government to limit all immigration, legal and illegal.

Several things are fueling the perception that the U.S. is being overwhelmed by immigrants and that the situation is out of control. The plight of the Haitians and Cubans seeking to enter the U.S. dominated news coverage for months last year and reopened the question about who should be admitted to the U.S. and who kept out. The highly publicized World Trade Center bombing, carried out by terrorists who were admitted to this country in spite of a record of extremist political activity, contributed to the perception that immigrants are somehow a threat to the safety of the U.S. and that the U.S. has no control over who enters the country. The movement in some states, especially California, to limit state government expenditures for illegal immigrants and to seek compensation from Washington for federally mandated benefits has also spotlighted anti-illegal immigrant resentment.

Over the last 200 years, as the U.S. has grown, policy on who should be allowed to immigrate has been shaped by popular pressure, political interests—especially ethnic groups—and foreign policy concerns. Frequently, laws have had unanticipated consequences, such as the substantial increase in immigration and refugee flows that followed the 1965 Immigration and Nationality Act Amendments and the Refugee Act of 1980. The result is a policy that often appears haphazard.

The doors wide open

Migration to the U.S. during the republic's early years was limited only by the distance involved and the cost of the voyage. As long as the frontier existed, the doors remained open. The English made up most of the immigrants to North America in the 17th century, and in the 18th century the Scotch-Irish and Germans predominated. In the 1840s, the era of mass migration began, as Irish, fleeing the potato famines, and Germans began to enter the U.S. in large numbers. Formal restrictions followed, beginning in the 1870s. By the last decade of the 19th century, millions of immigrants from southern and eastern Europe—



PASSAGE *of the Immigration Reform and Control Act in 1986, which provided amnesty for illegal immigrants who had entered the U.S. before January 1, 1982, and the Immigration Act of 1990, which increased the number of legal immigrants, account for the peak in the chart insert above.*

Italians, Slavs, Greeks and Jews—started arriving. Some 25 million people entered the U.S. during the peak years of immigration, 1880–1924.

Although most immigrants arrived on the East Coast of the U.S., there was some immigration to the western U.S. from Asia. Beginning in the 1840s, Chinese laborers were recruited to work in the mines and to build the transcontinental railroad. Many of them intended to return home after they had earned some money.

Immigration from Mexico was not an issue until this century, and opposition to migrants usually coincided with economic hard times in this country. The western U.S. was part of Mexico until 1848 when, under the terms of the treaty of Guadalupe-Hidalgo that ended the Mexican-American War of 1846–48, Mexico ceded New Mexico and California to the U.S. and confirmed the U.S. title to Texas as far as the Rio Grande. The Gadsden Purchase in 1853 completed the acquisition of territory in the southwest, adding the southern portions of New Mexico and Arizona. During the 1930s, Mexicans and some natives of Mexican ancestry were deported to Mexico. In the early 1950s, apprehensions along the U.S.-Mexico border rose dramatically to more than 1 million annually. Arrests peaked again in the 1980s.

Trying to close the doors

Arguments in favor of restricting immigration to the U.S. have remained remarkably similar over time. There is the economic argument: these newcomers will take jobs from Americans because they will work in worse conditions or for less pay. Then there is the standard-of-living argument: these people commit more crimes or need more charity or in some way place a burden on society. And lastly, comes the assimilation question: people from a particular religion or culture who often speak a different language either will never be able to fit into American society or will alter it. These have been joined by more-recent concerns that the U.S. environment cannot support more people, that U.S. resources should be spent on poor, ill and homeless citizens, not immigrants, and that the U.S. labor market no longer needs large numbers of unskilled workers.

Although immigrants had been a perennial concern since the country's beginning, there were few attempts to control entry into the U.S. or to deal with immigrants once in the country until the 1870s. In that decade, aliens were guaranteed equal protection under the law, the states could allow them to vote, and the regulation of immigration was placed under federal jurisdiction.

However, beginning in the 1880s, public pressure led to increasingly restrictive legislation. Congress passed the first of a series of Chinese Exclusion Acts (1882); importation of contract laborers was prohibited (1885); aliens could be expelled (1888); knowledge of English was made a requirement for naturalization (1906); the immigration exclusion list was expanded to include people with physical or mental defects and children not accompanied by parents, and limits were placed on Japanese immigration (1907). In 1917 the exclusion list was expanded to include all Asians, illiterates, alcoholics, stowaways and vagrants.

ABBREVIATIONS

INS Immigration and Naturalization Service

IRCA Immigration Reform and Control Act of 1986

SAW Special Agricultural Worker

In response to the surge in immigration from southern and eastern Europe, in the early 1910s labor unions, among others, called for measures to reduce and restrict immigration to people from certain countries. Their efforts culminated in the National Origins Quota Act of 1924. The act created immigration limits that reflected the ethnic background of the U.S. population in 1890. After three years the base year was changed to 1920. Only Whites, Blacks and Native Americans were eligible for citizenship; all Asians (except Filipinos) were excluded. The law also established the Border Patrol.

World War II and new foreign policy priorities resulted in several relaxations of U.S. immigration policy. After entering the war, since the U.S. was now an ally of China, Congress repealed the Chinese Exclusion Act, and set an annual token immigration quota of 105. This in turn led to granting India and the Philippines, also wartime allies of the U.S., quotas of 100 each. The three exceptions to the law excluding Asians were made to show support for allies and to prove to the world that the U.S. was indeed a model of justice and equality. Wartime labor shortages also played a role in changing policy. For example, in 1943 Congress enacted the Bracero Program to bring Mexican agricultural workers into the U.S. under contract for specific time periods.

The McCarran-Walter Immigration and Nationality Act of 1952 consolidated the various laws covering immigration and naturalization (the process of becoming a citizen). It retained the quota system based on national origins, but it incorporated some important changes. People of all races would now be eligible both for immigration and naturalization. However, Asians born in the Western Hemisphere would be counted toward the quota of their country of ancestry: the plain intent was to prevent large numbers of Asians entering the U.S. from Latin America. President Harry S. Truman vetoed the bill, saying, "The basis of this quota system was false and unworthy in 1924. It is even worse now. At the present time, this quota system keeps out the very people we want to bring in. It is incredible to me that, in this year of 1952, we should again be enacting into law such a slur on the patriotism, the capacity, and the decency of a large part of our citizenry." Congress overrode his veto.

A shift in emphasis

Presidents Dwight D. Eisenhower (1953–61) and John F. Kennedy (1961–63) followed Truman's lead and sought to change the McCarran-Walter act by discarding the national origins quota system and making provision for refugees. However, strong opposition in Congress thwarted their efforts. The Democratic landslide in the 1964 elections resulted in key changes in congressional seats and this, together with the momentum of the civil-rights reforms and other Great Society programs of the Johnson Administration (1963–69), led to a liberalization of immigration policy.

In 1965, amendments to the 1952 Immigration and Nationality Act that were intended to make the selection system fairer changed the direction of U.S. immigration policy and unintentionally increased the number of immigrants admitted. The 1965 legislation was a product of compromise. Proponents of change had wanted skilled workers to be at the top of the preference list; labor unions wanted fewer skilled workers admitted, to keep down competition. Supporters of the na-

tional origins standard saw family reunification as a good way to keep ethnic proportions much as they were, without the difficult-to-justify racial exclusion clauses. Various ethnic groups also lobbied in support of increased visas for family reunification. In the end, family members rejoining relatives were given the highest priority for visas. Other concessions to opponents of the bill included the establishment for the first time of a quota on immigration for countries in the Western Hemisphere. The legislation failed to deal with one important source of migration to the U.S.: undocumented aliens. The Bracero Program had ended only the year before, and the presence of illegal immigrants was not a pressing issue.

Illegal immigrants

Accurate figures on how many illegal aliens there are in the U.S. and where they come from are impossible to calculate. Most reasonable estimates placed the illegal population in the mid-to-late 1980s at between 3 million and 5 million, with an estimated 50% to 65% from Mexico. Current estimates put the number of undocumented at about 4 million. The Bureau of the Census, the Immigration and Naturalization Service (INS) and most analysts estimate that about 300,000 illegal aliens enter the U.S. each year and remain.

Several factors account for the increase in illegal immigration and the greater public awareness of it. The U.S. economy plays a big role, especially the continued reliance of U.S. employers on low-wage, low-skilled labor that is provided by illegal immigrants. The situation is abetted by weak enforcement of laws against hiring illegal aliens and by the lack of jobs and low pay in Mexico, China and other developing countries.

The presence of a large illegal population in the U.S. border states and major cities is itself a draw: people emigrate to join relatives or to stay with others from their hometown. For someone anxious to emigrate, the existence of a support network is important.

Another crucial factor is the economic situation in Mexico. Pressures, such as a rising rate of population growth, unemployment and poverty, lead growing numbers of Mexicans to cross the border into the U.S. to find work. The 2,000-mile border with Mexico provides many points of entry, and the Border Patrol has been too small and too poorly funded to exert effective control. Those who are caught are usually returned to Mexico, where they are free to try another crossing. In the fall of 1993, the INS placed more agents on the border at El Paso, Texas, and it made additional efforts in 1994 to seal the border in California south of San Diego. The number of illegals crossing has been cut significantly at these points, but has increased elsewhere, for example on the Arizona border, which is the next target for the INS. The Clinton Administration plans increased funding for equipment, such as surveillance helicopters, infrared scopes and heavy steel fencing, plus more Border Patrol agents.

Immigration reform act

Concern about illegal immigration led U.S. lawmakers in the early 1970s to attempt a legislative solution. The lack of concrete figures and conflicting interests delayed passage. Finally in 1986 the Immigration Reform and Control Act (IRCA) passed. Its main provisions were:

- amnesty for illegals who had entered the U.S. before January 1, 1982, and could prove continuous residence in the U.S. since that time;
- sanctions against employers who knowingly hired undocumented workers;
- additional visas for temporary agricultural workers to harvest perishable crops;
- a Special Agricultural Worker (SAW) amnesty.

Some 1.7 million applied for the general amnesty, and another 1.3 million for SAW amnesty (more than double the highest estimates). Of the 3 million applications, 2.2 million were filed by Mexicans. A congressionally mandated commission documented widespread fraud in the agricultural amnesty program, but there were no funds to investigate and track down those who did not legitimately qualify.

Problems have also arisen with the employer-sanctions section of IRCA. It is difficult to prosecute employers because they must have *knowingly* hired illegals. Proving that an employer knew someone was illegal is difficult, especially because of the high quality of forged papers available. Finally, many Hispanic applicants with legitimate documents complain of discrimination on the part of employers.

Further changes in immigration policy were included in the Immigration Act of 1990, which had the net effect of increasing the annual number of legal immigrants from roughly 600,000 to about 800,000. In addition, a program that became known as the "diversity lottery," sponsored by Senator Ted Kennedy (D-Mass.), reserved 40,000 places a year for three years for countries adversely affected by the family-reunification provisions of the 1965 act.

50,000 OF
DOCUMENTED
Give me your tired, your poor,
GUEST WORKERS
your huddled masses yearning to
breathe free, (ON A 2-YR TRIAL BASIS)
ILLEGAL ALIEN (HERE BEFORE JAN 1, 1982)
The wretched refuse of your
teeming shore, GRANTED RENEWABLE-
TERM TEMPORARY RESIDENCE FOR A
PERIOD OF 10 YEARS.
Send these, the homeless,
COAST-GUARD INSPECTED
tempest-tossed to me....
(UNLESS FROM CUBA & HAITI)

THIS 1981 CARTOON *captures some of the passions aroused by the debates that culminated in passage of the Immigration Reform and Control Act of 1986.*

Immigration was a major concern on Capitol Hill last year, and is expected to get even more attention from the incoming Republican-controlled 104th Congress. The Crime Control Act of 1994 included increased funding for the Border Patrol and measures to make it easier to deport criminal aliens and aliens whose asylum applications had been denied. A bill submitted by Senator Alan K. Simpson (R-Wyo.) would have temporarily lowered the ceiling on immigration to provide a "breathing spell" and

would have imposed a border-crossing fee. Many of the proposed welfare reform bills carried restrictions on federal aid to illegal aliens. They can be expected to receive a more favorable hearing in 1995.

States' burdens

In 1993, 79% of all immigrants to the U.S. headed for six states: California, New York, Texas, Florida, New Jersey and Illinois. Five of these states (all but Illinois) and Arizona have filed lawsuits against the federal government for not enforcing and implementing the controls called for in the reform act of 1986. They want help to recover some of what they spend on illegal immigrants, including the costs of medical care, education and incarceration. Because the federal government determines immigration policy, the states argue, the federal government should pay the costs.

Florida and California have also applied for federal aid from a $34 million emergency fund set up to help defray the costs of supporting immigrants. States consider the fund a step in the right direction but woefully inadequate. Governor Lawton Chiles asked for $1.16 billion to reimburse Florida for expenditures on immigrants, including education and food assistance, incurred since 1990.

The illegal immigrant controversy is especially heated in California, where it was a major issue in the 1994 gubernatorial race. According to Republican incumbent Pete Wilson, whose come-from-behind victory is credited to his strong stance against illegal immigrants, "Our schools, our hospitals and our social services are overwhelmed by the federal government's failure to control the border." In May 1994, Wilson filed lawsuits against the federal government in an attempt to recoup the $3 billion a year he claims California's estimated 1.5 million illegal aliens cost the state. During the campaign, Wilson's opponents pointed out that his reluctance to crack down on employers who hire illegals, especially the California agriculture industry, is in large part responsible for attracting illegals in the first place.

Wilson strongly backed Proposition 187—called the Save Our State (SOS) initiative by its supporters, which 60% of the voters approved in November. Proposition 187 cuts off benefits, including education, welfare and nonemergency health care, to illegals, and requires teachers, law-enforcement officers, health-care workers and other public employees to report anyone suspected of being an illegal alien to immigration authorities. Lawsuits challenging Proposition 187's constitutionality have been filed, and federal and state judges have blocked Wilson's attempts to begin implementing some of the provisions.

Many supporters of Proposition 187 were aware that implementation would be blocked, but saw the initiative as a way to force Washington to take notice and possibly reverse the 1982 Supreme Court decision that says that the children of illegal aliens are entitled to free primary and secondary education.

Opponents have condemned Proposition 187 as racist, and they charge that requiring public employees to report suspected illegal aliens would create a police-state mentality. They also note the detrimental effects on the social good: for example, not providing immunizations and health care could lead to outbreaks of disease, such as tuberculosis, and not educating children of illegal aliens could create an underclass of illiterates.

The president-elect of Mexico, Ernesto Zedillo, joined other angry Mexicans in denouncing the initiative, saying that it could threaten U.S.-Mexican ties. President Armando Calderon Sol of El Salvador said, "With this initiative, Gov. Pete Wilson is endangering international relations between the U.S. and other nations." Salvadorans working in the U.S. sent home earnings estimated at $800 million in 1993, more than the value of all Salvadoran exports combined.

Balance sheet

Although the Census Bureau, the INS and most analysts generally accept a figure of 300,000 annual net illegal immigrants, they disagree on the impact they have on the U.S. One of the most hotly debated calculations involves whether illegal immigrants cost more in benefits, such as health care, than they provide the U.S. in terms of the taxes they pay and the goods they produce. Other effects immigrants have are harder to fit into a cost-benefit analysis. For example, immigrants—both legal and illegal—offer diversity and links with other countries. Do these enrich U.S. culture and provide international trade opportunities, or do they threaten the social cohesion of the U.S.? Do immigrants fill jobs that Americans do not want, or do they compete with Americans and cause wages to fall?

A report by the Urban Institute, *Immigration and Immigrants: Setting the Record Straight,* attempts to provide baseline figures. The authors, Michael Fix and Jeffrey Passel, concur with an INS estimate that the net growth in the illegal immigrant population is 200,000 to 300,000 each year, and that the illegal immigrant population in the U.S. in 1992 was 3.2 million. Overall, the researchers found that legal and illegal immigrants together contribute more to the U.S. than is spent on them, generating a net annual surplus of $25 billion to $30 billion. Although the federal government may see a surplus, some states do not. At the local level, the researchers conclude, immigrants cost more than they contribute.

These findings have been disputed. The Center for Immigration Studies estimates the 1992 illegal population at 4.8 million and the net annual cost to the U.S. at $29 billion. The Federation for American Immigration Reform (FAIR), a group that wants to restrict immigration, disputes the Urban Institute's figures and claims illegals cost more than they contribute.

According to *BusinessWeek* reporter Michael J. Mandel, whose findings are very similar to the Urban Institute's, two groups are responsible for the cost problem: illegal immigrants and legal refugees. Mandel estimates that these two groups, comprising over 400,000 immigrants annually, are generally less well-educated than American citizens and are more likely to be on welfare. If these groups are omitted from the statistics, according to Mandel, immigrants contribute much more to the government than they cost, are as well-educated as Americans, and are not likely to receive welfare.

However, a study by economist George Borjas of the University of California at San Diego, published in November 1994, shows that an increasing number of immigrants are receiving welfare benefits. He attributes the increase to the rising number of unskilled immigrants entering the U.S.

Refugees

A special category of immigrant is the refugee. The Refugee Act of 1980 offered the prospect that the U.S. would judge all refugees and asylum applicants by the same standards. The fact is that conflicting U.S. domestic and foreign

policy interests frequently lead to sharp differences in treatment.

The UN Universal Declaration of Human Rights declares that "everyone has the right to seek and to enjoy in other countries asylum from persecution." Two key terms in this and other documents dealing with refugees are *asylum* and *persecution.* Although everyone has the right to *seek asylum,* states have the sovereign right to *refuse to grant asylum.* In addition, there is no universally accepted definition of persecution, and the proof that asylum-seekers must submit varies from country to country.

Before Congress enacted the Refugee Act of 1980, the U.S. defined a refugee as a person fleeing a Communist or Communist-dominated regime or a Middle Eastern country. The Refugee Act broadened the definition to include "a person who has been persecuted or has a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion." The Refugee Act set a single standard for considering asylum applications and obligated the government not to return a refugee to a country where he or she fears persecution.

There is a cap on the number of refugees admitted into the U.S. each year, but in special cases the President has waived the requirements to allow in certain groups, using the parole power of the McCarran-Walter Act. President Eisenhower first invoked it in 1956 to admit thousands of Hungarians escaping Soviet repression after the Hungarian Revolution. The parole power was intended to apply to individuals, not groups, but the precedent Eisenhower established was used by Presidents Kennedy to admit Cubans and Hong Kong Chinese; Gerald Ford (1974–77) to admit Vietnamese; and Bill Clinton to admit Cubans.

Once within U.S. territory, a person may apply for asylum to the INS. If the application is denied, the asylee can renew the application before an immigration judge at deportation hearings. If turned down again, the asylee can appeal the judge's decision to the Board of Immigration Appeals, and then to the federal court system. The backlog of asylum applications has been growing steadily: in fiscal year (FY) 1991, there were 97,000 cases; in FY 94, the number stood at 330,000.

Some U.S. asylum practices have been criticized by human-rights groups. These include treating one group of asylum-seekers (e.g. Haitians) differently from another (e.g. Cubans); intercepting refugees at sea and returning them before they can reach the U.S. and claim asylum; keeping asylum-seekers in detention centers, often for long periods of time while their cases are pending.

LET ME GET THIS STRAIGHT: WE DON'T SAIL TO FLORIDA, WE SAIL TO CUBA. THE FIRST DAY WE JOIN THE COMMUNIST PARTY. THE NEXT DAY WE BECOME DISILLUSIONED AND TRY TO ESCAPE MARXIST THOUGHT CONTROL. NEXT STOP MIAMI... RIGHT?
OUI, I MEAN, SÍ...
HAITI
DANZIGER
DANZIGER IN THE CHRISTIAN SCIENCE MONITOR/WATTS

Two recent waves of asylum-seekers illustrate the vagaries and contradictions of U.S. policy toward refugees.

Haiti and Cuba

For decades Haitians have fled military repression and economic privation. Some received political asylum in the U.S., but many others were judged economic migrants and were returned to Haiti.

After the ouster of Jean-Bertrand Aristide, the first democratically elected president in Haiti's history, in September 1991, the U.S. imposed economic sanctions on Haiti to try to pressure the new military rulers to step down and let Aristide return. The brutal treatment of Aristide's supporters and the worsening economic situation as a result of the sanctions triggered a mass exodus by sea. The U.S. Coast Guard picked up many thousands of Haitians in early 1992 and transported them to the U.S. base at Guantánamo Bay, Cuba, where they were given temporary refuge. Many others drowned at sea.

To halt the Haitian exodus, President George Bush declared that Haitian boat people intercepted at sea were to be repatriated. The U.S. would only consider asylum requests submitted at one of three U.S. diplomatic posts inside Haiti. President Clinton continued the Bush policy until a new wave of boat people and growing domestic pressure prompted the Administration to change course. In May 1994 it announced that in the future it would grant asylum hearings to Haitian refugees bound for the U.S. who were picked up in international waters. As the number of refugees swelled to the tens of thousands, the U.S. sought "safe havens" for the Haitians in Panama and elsewhere in the Caribbean. However in July, after Panama turned the U.S. down, the U.S. then declared it would house the refugees at Guantánamo Bay. At the same time Washington weighed military intervention.

While Washington was still struggling with the Haitian problem (it was resolved later in the year by Aristide's return to Haiti, preceded by over 15,000 U.S. troops and small UN contingents), another refugee crisis exploded in August, when thousands of people fled Cuba for Florida. Considered political refugees from communism, Cuban refugees have been readily admitted to the U.S. The 1966 Cuban Adjustment Act, passed at the height of the cold war, gives the attorney general the authority to admit Cubans and, after one year, to adjust their status from parolee to legal resident.

The greatest number of refugees from Cuba ever to come to the U.S. was in 1980, when President Fidel Castro allowed some 125,000 to leave from Mariel and other ports. The so-called Mariel boatlift created hardships in south Florida and forced the U.S. government to set up temporary centers throughout the country to cope with the exodus. Castro is believed to have included many undesirables—prisoners and mentally ill—among the refugees.

The August 1994 flood of refugees

was touched off by Castro's announcement that the island's sugarcane harvest was the lowest in decades. This, combined with the loss of subsidies from the Soviet Union and the continued U.S. economic sanctions, created an economic crisis. Castro threatened to allow all Cubans who chose to do so to leave by boat unless Washington changed its immigration policy. As Cubans piled into unseaworthy craft headed for Florida, Governor Chiles declared a state of emergency. Clinton abruptly reversed longstanding U.S. policy and announced that Cubans fleeing by boat would no longer be allowed into the U.S. The attorney general, Janet Reno, added that anyone attempting to smuggle Cubans into the country would be prosecuted.

In September, the U.S. and Cuba reached an agreement in which the U.S. would accept a minimum of 20,000 Cuban immigrants each year (up from about 6,000). Of the 20,000 visas, some 5,000 to 6,000 will be distributed by lottery. The policy toward the approximately 32,000 Cuban boat people being held at Guantánamo and in Panama remains unchanged: they must return to Cuba to apply for visas. Although pressures from the Cuban-American community to allow them to enter the U.S. have been growing, Castro adamantly opposes such action.

With President Aristide back in Haiti, the Clinton Administration expects the Haitian refugees at Guantánamo to return home. ■

Current proposals

IN THE TANGLED DEBATE over immigration, there is little agreement on the issues, let alone the remedies. Some groups, such as the Federation for American Immigration Reform, want to reduce the number of immigrants admitted each year. FAIR believes that the present large numbers of immigrants are not in the national interest. In economic terms, it believes immigrants take jobs from Americans or, by increasing the number of workers, depress wages. In cultural terms, FAIR is concerned that a large immigrant flow over many years makes assimilation difficult or virtually impossible. FAIR proposes what it calls a "moratorium," actually an annual cap on legal immigration to the U.S. of 300,000, as opposed to the current figure of close to 1 million.

FAIR and other groups are worried that the U.S. is admitting too many underskilled and undereducated people at a time when businesses are interested in skilled workers and government leaders look to a future requiring high-skill, high-tech workers for the economy to remain competitive. They see this leading to a growing underclass of underpaid and unemployed workers. According to economist Borjas, "ethnic skill differentials disappear very slowly. It might take four generations, or roughly 100 years" for those who come to the U.S. with lower-than-average education or skills to catch up.

Other groups disagree with these conclusions. According to an Urban Institute study, immigration—both legal and illegal—overall has little effect on jobs for native-born Americans. According to Passel, one of the authors of the study, "The evidence we see is strong that immigrants create jobs."

Barbara C. Jordan, former Democratic congresswoman from Texas and head of the federal advisory U.S. Commission on Immigration Reform, has testified that there is no evidence to suggest that immigrants are coming to the U.S. to get welfare benefits, and she does not support banning these benefits for legal immigrants. Most legal immigrants are the spouses, children, parents or siblings of a U.S. citizen or long-term permanent resident. Jordan recommended that the immigrants' sponsors be held legally responsible for supporting those they bring into the U.S.

Ethnic lobbies would like to have more visas available for their particular groups. The Irish Immigration Reform Movement, for example, was able to increase the number of visas available to Irish applicants in the 1991–94 visa lottery.

Liberal and conservative political labels do little to clarify the issues in the immigration debate. Some liberals support high immigration levels because of their concern for the welfare of underprivileged persons and for other humanitarian reasons. Others would reduce immigration levels out of concern for the impact of immigration on job opportunities and the advancement of minorities at the low end of the economy.

Conservatives are also split over immigration. Some want to reduce immigration because they see it encouraging multiculturalism, which they consider socially divisive. Some want to change the requirements so that more skilled people are given preference. Still others favor denying many benefits to immigrants, legal and illegal, as a means of reducing the cost of social welfare. Other conservatives support immigration because they feel the newcomers are good for the economy, provide low-cost labor or start new businesses.

Consensus on illegals

There is consensus on one issue: something must be done about illegal immigration. However, there is no agreement on solutions.

Many believe the key to controlling illegal immigration is stopping U.S. employers from hiring illegals. The 1986 IRCA employer sanctions have not been enforced, in large part because employers can claim that they did not know employees' papers were not valid. The Jordan Commission has proposed setting up a computerized register of the names and Social Security numbers of all citizens and aliens authorized to work in the U.S., to be used only by employers checking on the eligibility of job applicants to work. Opponents claim this would lead to national worker identification cards.

As evidenced by the passage of Proposition 187 in California, many people support cutting off benefits such as health care and education for illegal aliens, not only to reduce state expenditures, but also to reduce the incentive for people to immigrate illegally.

An important part of any plan to curb illegal immigration has to involve increasing the resources of the INS and the Border Patrol, which are under the jurisdiction of the Justice Department. *The New York Times*, in a scathing five-part series on immigration in September 1994 called "Chaos at the Gates," detailed corruption and ineptness at INS. Underpaid, overworked employees, responsible for distributing green cards and other documentation, are easy targets for bribery. Because of inadequate funding over many years, the agency is understaffed and has not had access to technology that would assist in keeping track of people entering

the U.S. or persons detained for entering illegally. Limits on staffing also affect the ability of INS to track down and deport illegals who have made it past the border, and the proliferation of fraudulent documents has made a mockery of the enforcement of employer sanctions.

U.S. policy options

Legal Immigration

❑ 1. Reduce the level of immigration into the U.S.

Pro: The U.S. cannot afford the social and economic costs of close to 1 million largely unskilled immigrants each year. Immigration contributes to population growth, and a larger U.S. population will overwhelm the country's resources.

Con: The U.S. has always accepted immigrants; the country is stronger because of the diversity; the new immigrants do useful work that others are unwilling to perform; and their demand for goods and services expands the economy. Human ingenuity will find a solution to the increased demands that a larger population will place on resources.

❑ 2. Give priority in immigration policy to people with skills rather than emphasizing family reunification.

Pro: The family-reunification stress in immigration policy has resulted in much higher numbers of entrants than was anticipated. The newcomers are often unskilled and uneducated, and they are apt to depend on welfare benefits.

Con: Family reunification is one of the goals enunciated at the UN International Conference on Population and Development in Cairo in September 1994 and is important for humanitarian reasons. Immigrants who come to the U.S. under this program have family members to vouch for them and are less likely to go on welfare or otherwise be a burden to the state.

❑ 3. Decrease the number of refugees and asylum-seekers admitted annually.

Pro: The U.S. has been too generous in opening its doors for humanitarian reasons. Let other nations do their part. Statistics show that refugees are more apt to be on welfare than the general population or other legal immigrants.

Con: In many cases, U.S. foreign policy has had a direct role in creating refugees; for example, the U.S. embargoes against Cuba and Haiti resulted in severe economic hardship in those countries. The U.S. has a responsibility to offer shelter to those injured by its policies. Also, many refugees are fleeing persecution and oppressive political regimes; the U.S. should live up to its image as a champion of freedom and democracy by taking in these people.

Illegal Immigration

❑ 1. Attack the problem at its source: help improve conditions in the countries that supply most illegal immigrants, and the number of people who feel compelled to leave will decline.

Pro: By investing overseas and opening markets to goods from less-developed countries—that is, importing goods rather than people—the U.S. and the other developed countries will discourage the number of people leaving home for economic reasons. Also, increased funding for family-planning programs will slow the rate of population growth in less-developed countries and ease the pressure on people to emigrate.

Con: At a time when many developed countries themselves are battling recession and unemployment, they are poor markets for imported goods. The benefits from programs that slow population growth will not be seen for decades and are not a solution to the immediate problem.

❑ 2. INS should take stronger measures to regain control of U.S. borders.

Pro: At least half of all illegal immigrants enter across the U.S. border with Mexico, and they settle primarily in states on the border. New measures undertaken recently, such as increasing the number of Border Patrol agents, building walls and using more-sophisticated equipment, have proven effective and should be continued and expanded.

Con: Border-control measures are like squeezing a balloon: tightening up in one area causes the balloon to bulge in another area. Immigrants who can't cross the border at El Paso or San Diego will try somewhere else, and the cost of covering every foot of the border is too high. Also, sealing off the border could have serious consequences for Mexico and hurt U.S.-Mexican relations.

❑ 3. Strengthen employer sanctions.

Pro: Penalties for employers who hire illegals should be increased and enforced. If employers did not create the demand, the stream of illegals would quickly dry up. A national work-verification system should also be instituted to assure that only citizens and legal residents eligible to work are allowed to work.

Con: Current sanctions against employers are adequate. A work-verification system could increase discrimination against members of racial and ethnic minorities and could lead to the establishment of a national identity card.

❑ 4. Deny education, health and social-welfare benefits to illegal immigrants.

Pro: People in the U.S. illegally should not have the same rights as those here legally. The burden for taking care of illegal immigrants falls disproportionately on a few states that are hard-pressed to provide services to their own citizens. The countries these people come from should be responsible for their education and health care.

Con: Not providing health care to illegals could adversely affect the whole population. For example, not treating illegal immigrants who have tuberculosis could result in the spread of the disease. The Supreme Court ruled that all immigrants are entitled to protection under the 14th amendment, and that children of illegal immigrants are entitled to a free education. ■

DISCUSSION QUESTIONS

1. Illegal immigration affects primarily a handful of states. What obligations do these states have for their illegal immigrant population? What responsibility does the federal government have?

2. Should there be a "breathing spell" on immigration to the U.S.? Is present immigration policy too lenient? How would you change it?

3. Proposition 187 was passed overwhelmingly by California's voters, but its constitutionality has been challenged. Where do you stand on Proposition 187? Should illegal immigrants be denied the protection of the constitution?

4. If sanctions against employers who hired illegal immigrants were tightened, would this have a major impact on illegal immigration? What effect would it have on the employers?

5. U.S. policy toward refugees and asylum-seekers has been inconsistent. Should there be one U.S. policy for boat people, regardless of whether they are Vietnamese, Haitian or Cuban? or should each situation be judged in light of other U.S. interests?

6. Should refugees from political persecution receive different treatment from refugees from economic hardship?

7. How do you account for the current anti-immigration backlash? Is it a temporary phenomenon, in your opinion?

8. As a land of immigrants, does the U.S. have an obligation to keep the torch lit for tomorrow's immigrants?

READINGS AND RESOURCES

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Fix, Michael, and Passel, Jeffrey S., **Immigration and Immigrants: Setting the Record Straight.** Washington, D.C., The Urban Institute, 1994. 104 pp. $10.00 (paper). An attempt to provide a factual base and framework for discussion of immigration policy. Includes figures on where immigrants are from and where they live, and also looks at their impact on the labor market and public services.

Fukuyama, Francis, "Immigrants and Family Values." **Commentary,** May 1993, pp. 26–32. Examines the perceived threat to Anglo-American cultural values posed by Third World immigration.

"The Immigration Wars." **The Nation,** October 17, 1994, pp. 410–25. A series of four articles that looks at various aspects of the immigration issue, including misapprehensions about immigrants, potential problems caused by increasing the strength of the Border Patrol, California's so-called Save Our State initiative and immigrant smuggling by Chinese.

Reimers, David M., **Still the Golden Door: The Third World Comes to America,** 2d ed. New York, Columbia University Press, 1992. 362 pp. $18.00 (paper). Provides extensive background on Third World immigration to the U.S., including history and current issues and policy.

The State of World Population 1993. The Individual and the World: Population, Migration and Development in the 1990s. New York, United Nations Population Fund (Unfpa), 1993. 54 pp. Available free from Unfpa, 220 East 42d Street, New York, N.Y. 10017. Examines the factors responsible for the increase in world migration.

"The Tides of Humanity: 123 Million People on the Move." **World Press Review,** October 1994, pp. 8–13. International perspectives on immigration.

CENTER FOR IMMIGRATION STUDIES (CIS), 1815 H St., N.W., Suite 1010, Washington, D.C. 20006-3604; (202) 466-8185. ▪ A nonprofit research institution, CIS studies the effects of immigration on the economic, social, demographic and environmental interests of the U.S.

THE FEDERATION FOR AMERICAN IMMIGRATION REFORM (FAIR), 1666 Connecticut Ave., N.W., Suite 400, Washington, D.C. 20009; (202) 328-7004. ▪ A public-interest organization working to end illegal immigration and reduce levels of legal immigration. FAIR publishes teacher's guides and fact sheets.

NATIONAL COUNCIL OF LA RAZA (NCLR), 810 1st St., N.E., Suite 300, Washington, D.C. 20002-4205; (202) 289-1380. ▪ The largest constituency-based national Hispanic organization, NCLR works to empower Hispanics from the grass roots on up. Publications include **Unfinished Business: The Immigration Reform and Control Act of 1986.**

NATIONAL IMMIGRATION FORUM, 220 I St., N.E., Suite 220, Washington, D.C. 20002; (202) 544-0004. ▪ A nationwide coalition comprised of over 200 organizational members, dedicated to promoting fair and generous immigration policies in the U.S. The forum also conducts applied research and policy analysis.

URBAN INSTITUTE, 2100 M St., N.W., Washington, D.C. 20037; (202) 833-7200, Publications: (202) 857-8687. ▪ A nonpartisan policy research organization, the institute investigates social and economic problems confronting the U.S. and assesses government policies and programs designed to alleviate them.

U.S. COMMISSION ON IMMIGRATION REFORM, 1825 Connecticut Ave., N.W., Suite 511, Washington, D.C. 20009; (202) 673-5348. ▪ Established by Congress, the commission publishes a series of recommendations on immigration reform. Contact for publications.

OPINION BALLOTS

How to use the Opinion Ballots: *For your convenience, there are two copies of each opinion ballot. Please cut out and mail* one *ballot* per person *only. To have your vote counted, please mail ballots by June 30, 1995. Send ballots to:*

FOREIGN POLICY ASSOCIATION, 729 SEVENTH AVENUE, NEW YORK, N.Y. 10019

TOPIC 7 Immigration

ISSUE A. *Immigration levels to the U.S. should (choose one):*

- ❑ 1. Be increased.
- ❑ 2. Remain the same.
- ❑ 3. Be decreased.

ISSUE B. *Special emphasis in U.S. immigration policy should be given to (choose one):*

- ❑ 1. Family reunification.
- ❑ 2. Skills and needs of the labor market.
- ❑ 3. Other, or comment _____

_____

_____

ISSUE C. *The number of people admitted to the U.S. on humanitarian grounds should (choose one):*

- ❑ 1. Be increased.
- ❑ 2. Remain the same.
- ❑ 3. Be decreased.

First three digits of your zip code: ___ ___ ___

Date: / /1995 *Ballot continues on reverse side...*

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TOPIC 8 Democratization

ISSUE A. *Considering U.S. policy in the post-cold-war era, do you agree or disagree with the following statements:*

	AGREE	DISAGREE
1. The highest priority of U.S. foreign policy should be the promotion of democracy abroad.	❑	❑
2. It is right for U.S. forces to intervene in another country to rescue the population from human-rights abuses inflicted by an authoritarian regime.	❑	❑
3. The U.S. should not interfere in the politics of other nations.	❑	❑

ISSUE B. *Concerning U.S. efforts to promote democracy abroad, the U.S. should (choose one):*

- ❑ 1. Increase the level of support.
- ❑ 2. Maintain the same level of support.
- ❑ 3. Cut back the level of support.
- ❑ 4. Eliminate such support altogether.
- ❑ 5. Other, or comment _____

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ISSUE D. *Concerning the problem of people entering the country illegally, the U.S. should:*

	YES	NO
1. Take stronger measures to control U.S. borders.	❑	❑
2. Increase penalties for hiring illegal aliens.	❑	❑
3. Penalize illegal workers.	❑	❑
4. Institute a national work-verification system.	❑	❑
5. Deny educational, health and social welfare benefits to illegal aliens, including their children.	❑	❑
6. Amend the Constitution to deny citizenship to children born in the U.S. to illegal aliens.	❑	❑

7. Other, or comment _____

_____

_____

_____

In planning future GREAT DECISIONS programs, we would find it helpful to know more about participants and would appreciate your answers to the questions below.

A. *How many years have you participated in the GREAT DECISIONS program (that is, attended one or more discussion sessions)?*
- ❑ 1. This is the first year I have participated.
- ❑ 2. I participated in one previous year.
- ❑ 3. I participated in more than one previous year.

B. *What is your age?*
- ❑ 1. 17 or under ❑ 2. 18 to 30 ❑ 3. 31 to 45
- ❑ 4. 46 to 60 ❑ 5. 61 or over

C. *Your sex?*
- ❑ 1. Female
- ❑ 2. Male

D. *Have you been abroad during the last four years?*
- ❑ 1. Yes
- ❑ 2. No

E. *What is the highest level of formal education you have completed?*
- ❑ 1. Some high school ❑ 2. High school degree
- ❑ 3. Some college ❑ 4. College graduate
- ❑ 5. Advanced degree

F. *How often are you asked for your opinion on foreign policy matters?*
- ❑ 1. Often ❑ 2. Sometimes ❑ 3. Hardly ever

G. *One final question. Would you say you have or have not changed your opinion in a fairly significant way as a result of taking part in the GREAT DECISIONS program?*
- ❑ 1. Have ❑ 2. Have not ❑ 3. Uncertain

First three digits of your zip code: _____ _____ _____

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Promoting democracy: America's mission?

The U.S. annually spends nearly a billion dollars promoting democracy abroad. What does it get for its money? Is its idea of democracy relevant only to the West, or has it universal appeal?

by Richard H. Ullman

"Tell Popper to cut out the political science lectures." Thus, according to *The New York Times*, did Secretary of State Henry A. Kissinger in July 1974 instruct an aide to admonish the U.S. ambassador in Chile. A military coup the previous year had swept away that country's constitutionally elected democratic government. The Nixon Administration, in which Kissinger served, had covertly supported the Chilean conspirators, judging that the retention of power by the professedly Marxist president, Salvador G. Allende, would facilitate the rise in the hemisphere of other leaders opposed to American policies. Allende was killed in the coup. What aroused Kissinger's wrath a year later was a report from Ambassador David H. Popper recounting his efforts to convince the ruling *junta* to cease torturing its democratic opponents.

Kissinger the practitioner of power politics deplored efforts to instruct friendly governments on how to order their internal affairs. They were, he thought, usually counterproductive and always an irritant in bilateral relations. Kissinger the historian of statecraft, however, was well aware that such efforts are integral to the way Americans have seen their nation's role in international politics and to its conduct of foreign policy. Attempting to change that approach, he implied in his 1994 book, *Diplomacy*, would be futile, perhaps—because it would go against America's nature—even an error.

Since the foundation of their republic, Americans have distinguished their society from others by its quasi-religious commitment to liberal, constitutional democracy—a form of government characterized in our own era by a voting franchise in which all citizens may participate, contested elections at regular intervals, an executive either popularly elected or responsible to an elected legislature, and guarantees of such civil liberties as free speech. The American republic is the world's oldest continuously democratic state. But even in its infancy, during the last years of the 18th century and the first of the 19th, Americans were divided as to the practical meaning of their democracy for the conduct of foreign policy.

America's choices

For some, conscious of America's relative weakness in comparison with the established powers of Europe, the prudent course of action was something approaching isolation. That was the advice of their first President, George Washington, who warned against involvement in the quarrels of the European powers and the entangling alignments that involvement

BUILDING DEMOCRACY: *Chinese students in Tiananmen Square, May 1989, creating their own Statue of Liberty, the "Goddess of Democracy."*

RICHARD H. ULLMAN *is David K.E. Bruce Professor of International Affairs, Center of International Studies, Princeton University.*

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would inevitably entail. Many Americans thought that their young institutions were still too fragile. Overseas wars would open the door to authoritarian leadership and to the exaltation of martial values—rank, title, privilege—anathema to the workings of a healthy democracy with a profoundly civilian culture.

Others—18th-century forerunners of so-called realist thinkers and statesmen like Kissinger—regarded involvement in European power politics as an inevitable part of a successful strategy for the defense of a weak and vulnerable U.S. In the 20th century, when America was stronger, most realist thinkers would judge such involvement as necessary not so much for defense as to advance American interests, in particular the promotion and safeguarding of an international economy open and receptive to goods, services and investments from the U.S.

A third strand of thought and of policy focused upon American democracy itself. The new republic would be more secure if it were not alone, but in the company of other democratic states. The more such states the better: there would be safety in numbers. That was because democracies were believed to pose no threat to other democracies: they were inherently peace loving. In that respect they differed from states whose institutions represented the interests of a monarch or an oligarchy rather than those of the entire nation. If that assumption of difference were valid, however, it still left the question: What could America do to assure that democracy would prosper elsewhere? The question has vexed policymakers ever since.

The democratic peace

In the early 1980s, some two centuries after the founding of the American republic, the political scientist Michael W. Doyle carefully examined the historical record and, in a series of influential articles that were published in *Philosophy and Public Affairs* (June and October 1983) and the *American Political Science Review* (December 1986), concluded that liberal, constitutional democracies indeed do not go to war with one another. Doyle did not claim that democracies do not make war. Quite the contrary: there are, he pointed out, many examples of wars between democratic and authoritarian states in which the former are at least as responsible as the latter for straining relations and escalating hostilities that led eventually to war.

Neither Doyle nor the many scholars who have commented and enlarged upon his work have fully explained why history contains virtually no examples of liberal democracies making war on other liberal democracies. But at least two factors seem to be at work. The first is the simple but centrally important fact that constitutional democracies are transparent. They are arenas of discourse. No government likes sharing information, but governments of liberal democracies have no alternative but to do so. When leaders are required to go to the people on a regular basis to renew their mandate, they have to explain what they are doing and persuade the electorate that their policies make sense. The consequent debate is as audible abroad as it is at home.

ABBREVIATIONS

AID	Agency for International Development
NATO	North Atlantic Treaty Organization
NED	National Endowment for Democracy
USIA	United States Information Agency

Moreover, it is not a closed debate. Other governments or economic entities such as transnational corporations can make their views known and thus contribute to the body of information that constitutes the public record upon which government and opposition alike must draw. Many of the lobbyists who prowl the corridors of Congress represent foreign governments. They are maligned—sometimes rightfully so—for exerting undue influence on the American policy process. Yet they are also valuable sources of information.

A second explanation for the democratic peace is that democracies adjust more easily to the claims of other democracies than they do to those of authoritarian states. They are more likely to give other democracies the benefit of the doubt and to defuse tensions rather than escalate them. Democratically elected leaders tend to deal with one another across national borders the way they deal with other leading figures within their own country—through negotiation and compromise. It is of critical importance that their governments enjoy a legitimacy that the governments of nondemocratic states generally lack. That legitimacy makes it much easier for organized interests in one democracy to support the claims of counterpart groups in another, often going so far as to form alliances against competing interests within both societies. Such border-crossing alliances formed among trade unions, on the one hand, and industrialists, on the other, at the outset of the process of European integration in the 1950s. They laid the foundation for the unification that followed.

Mutual respect for the legitimacy of each other's democratic political order and for decisions made within it is one reason why it is extraordinarily unlikely that the U.S. and Japan will again go to war with one another, no matter how strenuously they may differ on trade and other economic issues. Washington might, as it has in the past, retaliate against Japan for alleged unfair practices. Even if Tokyo were to intensify the complained-of activity, the downward spiral in the relations between the two states would still be largely confined to the economic sphere. That would be harmful enough, but far removed from war. In 1941, after the Japanese Imperial Army had occupied much of East Asia and reduced to a sham what might have become democracy at home, Tokyo did choose war with America. The only conceivable circumstance in which it might do so again would be rejection of the liberal postwar constitution that the American occupiers helped write and reversion to authoritarian rule. That is not likely to happen: democracy is firmly implanted in Japan.

Democracy in reborn states

By contrast, democracy is much less firmly rooted in some of the reborn states of Eastern Europe that rejected communism in 1989–90, particularly those that have risen from the ruins of what was once the Soviet Union. Many of these so-called new democracies cannot accurately be described as truly liberal. Trained in the ruthless, conspiratorial politics of communism, their leaders do not feel impelled toward negotiation and compromise. And anathema to them are information-sharing, freedom to criticize, and not merely toleration but actual encouragement of opposition—all features that go to make up liberal democracy. Two pairs of these new states—Armenia and Azerbaijan, Croatia and Serbia—have lately been locked in combat. These and other ongoing wars (in Bosnia-Herzegovina, for example) do not disprove the contention that liberal democ-

racies do not make war on one another. Rather, they are demonstrations—as if anyone needed one—that the states involved are not yet functioning constitutional democracies.

Magnifying the threat

A corollary to the argument that liberal, constitutional democracies do not threaten one another is the contention that autocracies do pose a threat, often to one another but especially to democracies. Many autocratic regimes that do not derive their authority from dynastic roots, in particular those of relatively modern states such as the successor-republics to the former Soviet Union, suffer from an absence of legitimacy in the eyes of their own peoples. Rigged elections that do not offer a genuine choice breed cynicism, dissent and—ultimately—resistance and opposition. Often a regime will decide that it must repress domestic dissidence, which it then attempts to justify by pointing to the presence of a threatening external enemy. The U.S. played such a role in Soviet demonology from the onset of the cold war in 1947. Since dissent in the face of such a threat might fatally weaken the state, it is forbidden as an unaffordable luxury. Like many such prophecies, this one was self-fulfilling: Soviet suppression of liberty throughout Eastern Europe impelled the creation in 1949 of the North Atlantic Treaty Organization (NATO), a military and political alliance which soon came to embody precisely what Moscow's pronouncements had described as most threatening.

Just as Soviet propaganda magnified the offensive threat posed by NATO, so Soviet leaders felt constrained to mount a forward defense in response. That meant retaining tight control over the East European states on which, in the aftermath of World War II, Moscow had imposed Communist regimes. It also meant attempting to expand its sphere of control into areas where power vacuums had developed, such as Afghanistan following the coup by local Communists in April 1978. Western analysts were divided over whether what seemed to be the Soviet invasion of Afghanistan was driven by offensive motivations (e.g., a desire for warm-water ports, for control of the oil resources of the Middle East, or for the spread of the Soviet version of Communist ideology), by defensive ones (the fear that once Soviet control began to unravel, there would be no stopping place), or simply by opportunism. But most regarded the U.S.S.R. as inherently expansionist.

The Soviet Union seemed to pose a worldwide threat because it was a nuclear-armed superpower committed to a revolutionary ideology. So, it should be remembered, did the People's Republic of China once, although it had not yet acquired nuclear weapons. During the 1950s and 1960s, indeed, when Chinese leaders spoke of organizing the poor (and largely authoritarian) countries of the Third World against the affluent liberal democracies, China seemed in some respects more threatening than the U.S.S.R. Today it is difficult to remember that only three decades ago liberal, constitutional democracy seemed to be an extravagance of the rich, white states of North America and Western Europe, Australia and New Zealand, and of the "honorary Europeans" of Japan. Clearly not all authoritarian states posed a threat to this enclave of privilege, but some certainly did, and many Western analysts thought that the threat would grow more severe rather than less.

Some drew the conclusion that the liberal democracies would not be safe in a world of powerful totalitarian and authoritarian states. The threat of war would never be absent. With that threat would come a more subtle but no less serious danger—that the threatened democracies might become garrison states. If the military threat seemed severe enough, the democracies might feel impelled to adopt some of the repressive ways of their opponents. In the name of vigilance and unity, their leaders might be tempted to impose increasing restrictions on civil liberties. The result could be deeply corrosive, as Americans found during the early 1950s when the anti-Communist campaign of Sen. Joseph R. McCarthy (R-Wis.) and his followers succeeded in silencing many critics. Because the free exchange of ideas across frontiers is so vital to democracies, the stifling of dissent in one society increases the isolation of dissenters elsewhere and makes it more difficult for them to speak their minds. And when critical opinions are curbed, it is less likely that governmental policies will truly be humane and responsive to the needs of a population. ■

Recruiting for the democratic club

FOR BOTH POLICYMAKERS and outside commentators, promoting liberal, constitutional democracy as a goal of foreign policy has been synonymous with promoting human rights, especially when the rights emphasized are civil and political rights. A precondition of any effective democracy is that those who exercise their right to vote should also enjoy freedom of speech and assembly and integrity of the person, meaning freedom from torture or arbitrary arrest, imprisonment and execution. These are the necessary prerequisites to free and fair elections at constitutionally stipulated intervals, the hallmarks of a democratic political order.

Since the American seizure of the Philippines from imperial Spain in 1898, promoting democracy and human rights has been among the principal stated goals of U.S. foreign policy. The policy has had significant successes, most notably the transformation of post-World War II Germany and Japan through military occupation from vicious, aggressive, authoritarian (in the case of Germany, totalitarian) states into strongly rooted, thriving democracies that today are among the principal pillars of the liberal international political and economic order.

There have been other successes as well. In a 1991 book, *The Third Wave*, Harvard political scientist Samuel P. Huntington analyzed the processes that during the period 1974–90 resulted in a substantial increase in the world's number of functioning democracies. He concluded that U.S. policy—reinforced by what he called "demonstration effects or snowballing"—was an important factor in the case of most of the large number of Latin American states that made the transition from authoritarian dictatorships to civilian democracies. And U.S. policy was a less essential but nonetheless contributing factor to the emergence of democracies in the Philippines, Portugal, Poland, South Korea and Taiwan. For the even more significant (and more unexpected) transformation in Eastern Europe, Hun-

tington gave most of the credit to former Soviet president Mikhail S. Gorbachev (1985–91), who made clear that the Red Army would no longer intervene to keep Communist regimes in power.

The U.S. has employed a spectrum of instruments to further its preferred policies. At the level of declaratory policy comes verbal condemnation by State Department or White House spokespersons or critical treatment in the annual country-by-country human-rights reports that Congress requires from the State Department. Next come economic sanctions. These include suspension or reduction of economic assistance by U.S. government agencies, revocation of bilateral trade concessions, and votes by American representatives blocking loans by the World Bank and other multilateral financial institutions. Such measures have extended to total economic embargo of offenders considered particularly egregious. These have been multilateral when possible, unilateral when necessary.

Military intervention

The most drastic instrument, of course, is the use of outright military intervention to remove particular regimes (e.g., Grenada in 1983, Panama in 1989, Haiti in 1994). But military measures also include demonstrations of force (e.g., stationing warships off the Dominican Republic in 1978 to induce a fair vote count; low overflights by jet fighters to signify support of the elected Aquino government against an attempted military coup in the Philippines in 1989), and arms aid, training and intelligence assistance to local counterinsurgency campaigns (e.g., El Salvador in the 1980s). In Nicaragua, the Reagan and Bush Administrations gave "covert" (but, in fact, overt) aid to anti-Communist insurgents seeking to wrest control of the country from the Marxist-leaning Sandinista government.

Huntington makes clear that American efforts to foster democracy have been facilitated by the worldwide rejection, especially during the late 1980s and early 1990s, of state control of national economies and statist solutions to economic problems. In country after country authoritarian regimes ceded power to democratic successors, acknowledging that they had failed to solve the problem of how to make their economies grow and that public resentment was making it increasingly difficult for them to govern. Therefore it is impossible to show conclusively that, in any given instance, U.S. policy and actions were the principal cause of changes that might have occurred in any case. In Nicaragua, for example, it was not U.S. aid to the contras as such that brought the ruling Sandinistas to agree to open, monitored elections. Rather, it was the drying up of what had once been a stream of Soviet support, both military and economic. No other government had either the interest or the financial capability to pick up Moscow's Nicaraguan burden. The contras had not won (indeed, they had largely been defeated), but they did not need to win. The Sandinistas were very much alone. One might wonder whether, had the contras won a resounding military victory, they would have allowed the Sandinistas to participate in any follow-on elections. Successful insurgents seldom make good democrats.

Cold-war compromises

Not only is it difficult to say for certain that U.S. policies have been decisive in any given instance of democratization, but it should also be pointed out that Washington policymakers have sometimes paid only lip service to that goal. For reasons ranging from international geopolitics to interest-group politics at home, Administrations have on occasion backed away from taking action that would bring effective sanctions to bear against governments that have been flagrant violators of human rights.

Moreover, in some instances American policy not only has not promoted democracy but has undermined it and has led directly or indirectly to the overthrow of governments with a promising record of respect for human rights and democratic procedures. The Central Intelligence Agency (CIA) was deeply implicated in the 1953 coup by Iranian armed forces that removed Prime Minister Mohammad Mossadeg from power. A year later, in Guatemala, the CIA stage-managed the ouster of President Jacobo Arbenz. In 1964 Washington supported the overthrow of the democratically elected Brazilian government of João Goulart. It backed a military coup in Uruguay in 1973 and, that same year, the military coup against Allende in Chile. And the CIA gave financial support to Panama's dictator, Manuel Noriega, although it knew he was deeply involved in smuggling drugs into the U.S.

These episodes were, of course, products of the cold war, which exerted a profound influence on U.S. foreign policy. Through them all and many others ran a common thread. Policymakers feared that a given leader's programs or alliances would threaten "stability" in the leader's country or region, and that in order to retain power he or she would become too dependent upon support from local Communists—ultimately, perhaps, upon the Soviet Union. Washington would take no chances.

Successive presidents and their senior advisers therefore found it possible to overlook the fact that some of America's allies in the "free world" were as hostile to ordinary notions of liberty as any members of the Soviet camp. The U.S. thus tolerated abuses of its principles to protect what it held to be *embryonic* democracy, such as South Korea's or South Vietnam's. Meaningful and fair elections could come later, as indeed they finally did come in South Korea in 1992.

Policymakers rationalized their departures from principle by accepting cynical promises of future good behavior on the part of clients, and by contending that at least right-wing authoritarianism, as in South Korea, South Vietnam or Chile, was "reversible," whereas once a Communist regime came to power it would never again allow genuine freedom of electoral choice. "There are three possibilities," historian-biographer Arthur Schlesinger quotes President John F. Kennedy as saying at the time of the assassination of the Dominican Republic's unsavory longtime dictator, Rafael Trujillo, in 1961. They would be, "in descending order of preference: a democratic regime, a continuation of the Trujillo regime, or a Castro regime. We ought to aim at the first, but we really cannot renounce the second until we are sure we can avoid the third."

Considerations such as these infused American cold-war policy throughout the developing world, not only in Latin America. Presidents and their advisers were well aware, however, of the gap between their rhetoric, emphasizing democracy, and the realities of their policies. Often the foreign assistance legislation that came from Congress seemed to provide stern sanctions against regimes that violate human rights. But in reality the legislation left the Administration in control: if the Department of State certified that the government in question was respecting human rights and making progress toward democratic reforms, the aid would continue to flow.

Games nondemocrats play

Administrations and Congress alike thus seized upon any indicators they could find that seemed to support the contention that the U.S. was aiding fledgling democracies. The indicator that was most familiar to the American people and to members of Congress was the occurrence of competitive elections, which ranked high among the litmus-paper tests that distinguished the free world from its Communist adversaries. The latter held elections not to offer voters a choice but to induce them to ratify the party's single list of candidates. American diplomats, from Presidents down to junior political officers in embassies, therefore put considerable effort into persuading client governments to take the risk of holding competitive elections.

Thus, Administrations focused the spotlight of publicity on the fact that elections had occurred, and held them up as proof that the recipients of U.S. aid were making progress on the road to democracy. For their part, clients often made the pleasant discovery that they could stage and win elections, receive accolades and continued aid from Washington for doing so, and still maintain the basic features of the structure of repression that kept them in power.

Occasionally, as in South Vietnam's election of 1967, regimes would resort to flagrant vote rigging. More often, vote counting would be relatively honest: international observers would often be present to certify that it was. But the deck would be stacked from the outset in the government's favor as major opposition parties were either kept off the ballot altogether or else allowed to campaign only under the weight of severe restrictions. Sometimes, as in El Salvador's election of 1982, the mechanics of voting made casting a secret ballot impossible. On more than a few occasions, opposition parties decided not to participate in elections in protest against either campaign restrictions or government unwillingness to guarantee the physical safety of their candidates.

On such occasions opposition movements often had no viable alternatives; they therefore played right into government hands. The very fact that a somewhat competitive election had taken place (some tame opposition groups could always be found and placed on the ballot) was often sufficient to mollify the U.S. Congress, the audience that mattered most, so as to cause it—sometimes only grudgingly—to vote not to cut off the economic and military assistance upon which the client government fed.

DEMOCRACY DEFENDED: *Haitian President Jean-Bertrand Aristide is greeted in Port-au-Prince upon his return from three-year exile by U.S. Lt. Gen. Hugh Shelton.*

In the instance of El Salvador during the Reagan Administration, this process reached absurd limits. A compromise between congressional supporters and opponents of continued aid to the right-wing Salvadoran regime required the Department of State to certify every six months that the government (whose record of respect for human rights was, to say the least, mixed) was making continued progress toward democratic reforms. Although Secretary of State George P. Shultz deeply resented such congressional micromanagement, he duly provided the stipulated certification. For most members of Congress, who cared far more about their own electoral prospects than about those of politicians in Central America, the compromise was ideal: it enabled them to satisfy the hard-line cold warriors among their constituents by endorsing tough military measures against Communist-supported insurgents, while at the same time satisfying constituents whose main concern was democracy and human rights.

Post-cold-war dilemmas

The end of the cold war meant the end of charades such as these. Speaking before a university audience on September 21, 1993, President Clinton's national security adviser, Anthony W. Lake, used a graphic image to characterize the past: "During the cold war, even children understood America's security mission. As they looked at those maps on their schoolroom walls, they knew we were trying to contain the creeping expansion of that big, red blob. Today...we might visualize our security mission as promoting the enlargement of the "blue areas" of market democracies. The difference, of course, is that we do not seek to expand the reach of our institutions by force, subversion or repression."

Lake was perhaps too kind to his predecessors, few of whom had shrunk from recommending the overt or covert use of American power to keep one or another Third World regime aligned with the West. But he succinctly characterized the new policy environment in which the Clinton Administration found itself: not for the decade, perhaps not ever, would maps again metaphorically depict the potential threat of the "big, red blob." The tasks of American foreign policy were thus sharply different than they had been during the heyday of the cold war.

The Clinton Administration has acknowledged this transformation in all its public statements on U.S. security policy. Typical was the introduction to the 1994 version of the annual report to the Con-

gress on national security strategy. "The dissolution of the Soviet empire has radically transformed the security environment facing the U.S. and our allies," it stated. "The primary security imperative of the past half century—containing Communist expansion while preventing nuclear war—is gone."

There will, of course, be new threats to American security. But only some will come from the purposeful actions of other states. Others will be the results of global trends, such as environmental degradation, resource depletion, epidemics and the like. For these new threats the traditional elements of national security policy will have little relevance. Nor in many instances of "old-style" threats—those resulting from the resort to violence by governments or revolutionary movements—will U.S. security be much enhanced by channeling more resources to the armed forces. Instead, greater safety will come from promoting democratization. The report to Congress stated: "All of America's strategic interests—from promoting prosperity at home to checking global threats abroad before they threaten our territory—are served by enlarging the community of democratic and free-market nations. Thus, working with new democratic states to help preserve them as democracies committed to free markets and respect for human rights, is a key part of our national security strategy."

The Administration thus seems to have accepted without reservation the arguments put forward by Michael Doyle and other political scientists. Security adviser Lake again echoed those arguments in an address to the New York–based Council on Foreign Relations on September 19, 1994, when he stated: "We are not starry-eyed about the prospects for spreading democracy; it will not soon take hold everywhere. But we know that the larger the pool of democracies, the better off we will be. Democracies create free markets that offer economic opportunity, and they make for more reliable trading partners. They tend not to abuse the civil and political rights of their citizens. And democracies are far less likely to wage war on one another. Civilized behavior within borders encourages it beyond them. So it is in our interest to do all we can to enlarge the community of free and open societies, especially in areas of greatest strategic interest, as in the former Soviet Union."

Accepting and elaborating upon academic arguments about the behavior of liberal democracies is one thing. Inducing real-world regimes to move in more democratic directions is different and much more difficult. Moreover, in its initial effort to support liberalization and democratization, the Clinton Administration stumbled over its own rhetoric. Clinton had campaigned for the White House contending that the Administration of President George Bush had been lax in employing U.S. economic power to induce reforms by other governments. China was at the top of Clinton's list of offenders. He therefore endorsed the proposal that unimpeded access to American markets for Chinese goods ("most-favored-nation" treatment) should be made conditional upon improved Chinese behavior regarding human rights, and placed China on what amounted to a year's probation.

By May 1994 the year had passed and Chinese behavior was essentially unchanged, but Clinton nevertheless renewed China's most-favored-nation status. He did so because Beijing had threatened to retaliate by sharply reducing China's large purchases of American goods and services, and public opinion surveys showed Americans to be much more concerned about the effects of such a boycott on the U.S. economy than they were about the status of Chinese political liberty. The President vowed to continue pressing the Chinese leadership to democratize China's political processes, but said that his Administration would no longer link the issue with that of trade sanctions. ■

Is Asia different?

IN THE COURSE of these debates regarding the proper stance toward China, Americans were frequently reminded that other Asian states did not support efforts to lean on China for what Washington considered to be insufficient democracy. Too much tolerance of dissent, said many Asian voices, would undermine the ability of states to maintain domestic order. Then there would be anarchy and, almost inevitably, a harsh authoritarian response. Such warnings had long come from notable friends of the West such as Lee Kuan Yew, the architect of Singapore's dynamic growth and for years its (relatively) benevolent prime ministerial dictator. "I believe that what a country needs to develop is discipline more than democracy," Lee told a Philippine audience in 1992. And he continued: "The exuberance of democracy leads to indiscipline and disorderly conduct which are inimical to development." Malaysia's prime minister, Mahathir Mohamad, was so angered by U.S. proposals linking economic access to human rights that he boycotted the Asia-Pacific Economic Cooperation summit meeting that Clinton hosted in Seattle, Washington, in November 1993. Whereas governments in every other region of the world have at least rhetorically embraced the goal of enlarging the sphere of democracy, that is not the case in Asia.

Some Asian commentators contend that liberal democracy is an institutional expression of Western values, emphasizing the role of the individual, whereas many Eastern societies have at their core a value system that emphasizes the group and the community. In that cultural context, they say, civil and political rights such as freedom of speech and assembly do not have the same connotations they have in the West; indeed, they might even create divisions where none now exist between leaders and led. A senior Singapore diplomat wrote in the Fall 1993 issue of *Foreign Policy:* "As the international distribution of power and wealth changes, the West...should ask itself whether many of its persistent problems and its lack of economic competitiveness...are not in part due to its tendency to transform every social issue into an uncompromising question of 'rights' and place the claims of the individual and special interests over those of society. There are grounds to question whether, viewed against the continuing march of history, the Western type of 'democracy' provides optimal societal arrangements or even whether it can endure in its present form."

To such arguments many Western scholars, publicists and public figures reply that democracy is a means, not an end. These commentators reject the con-

tention that, if left to themselves, Asians might shun democracy as divisive. The issue, they contend, is simple and clear. It comes down to the proposition that nearly all persons, no matter their provenance, would prefer to be able freely to debate and then express a choice regarding who is to lead them rather than not be able to do so.

Seemingly contradictory votes in the 1993–94 session of the United Nations General Assembly showed that Third World states are schizophrenic on this subject. A resounding majority called for the establishment of a UN office to provide states with assistance in running elections, with a trust fund to help poorer states pay for such assistance. But a smaller majority passed a resolution proclaiming "respect for the principles of national sovereignty and noninterference in the internal affairs of states in their electoral processes." The latter are solely an internal concern; "there is no universal need" for the UN to supply any electoral assistance.

Ever since the massacre of demonstrating students in Beijing's Tiananmen Square in June 1989, democracy and human rights halfway around the world in China had been a high-profile issue for Washington. For the Clinton Administration, which took office in January 1993, the issues of democracy in Haiti and Cuba loomed equally large. The two countries were very different in their histories and ethnic makeup. But the problems they posed for the U.S. government in 1994 were the same: citizens of both countries were fleeing by the thousands in makeshift, scarcely seaworthy boats, hoping to escape arbitrary and (especially in the case of Haiti) brutal regimes and to find economic security in the U.S. Just as television had brought the Chinese demonstrators—and their eventual tragic fate—into American living rooms, so it also brought images of Cuban and Haitian "boat people" risking their lives in the Caribbean.

Caribbean dilemmas

Cuba and Haiti appeared on the "democracy agenda" of the White House because of the assumption that bringing constitutional democratic government to both countries is a necessary condition for stopping—and, ideally, reversing—the outward flow of refugees. (It might be noted that during the exodus of 1994, U.S. government policy toward Cuba was coordinated by the National Security Council staff member whose title is Senior Director for Democracy.) In the case of Cuba, the policy problem is to hasten the departure from office of President Fidel Castro while making sure that his successors, who are likely to come from Florida's anti-Castro Cuban community, will adhere to liberal democratic norms and not simply substitute their own brand of right-wing authoritarianism for Castro's left-wing variety. In the case of Haiti, the problem was to restore to office President Jean-Bertrand Aristide, the winner by a landslide of Haiti's first democratic election, who had been deposed by a military coup after holding office for only nine months in 1991, and then to make sure that Aristide continues to follow constitutional democratic norms. With the exception of those months, neither country had ever known democratic government.

The long-run prospects for Cuba are undoubtedly brighter than those for Haiti, however. Cuba is a potentially rich country with a relatively skilled, educated work force. It has been impoverished by more than three decades of Castro's statist economic policies augmented by an embargo imposed by the U.S. Once Castro departs and the embargo is lifted, Cuba's economy is likely to grow rapidly. By contrast, Haiti is desperately poor, with too many people and too few resources. It is not surprising that its rulers have always feared that if they did not rule with harsh and arbitrary methods they would be swept away.

In Haiti, especially, but also in Cuba, the task of maintaining democracy will be made more difficult by the absence of any indigenous democratic tradition or sense of the limits of legitimate action by a state apparatus representing the newly enfranchised members of society. The same is true in the case of the much more complicated and much more important states that have emerged from the ruins of the old Soviet empire—specifically the 15 former republics of the U.S.S.R. itself and the six nations of Eastern and Central Europe that until 1989 were Moscow's satellites. Their geopolitical significance is obviously much greater than that of the two Caribbean republics. American official statements from Presidents on down have consistently linked democratization in these countries with the cessation of cold-war hostility and mistrust. The surest guarantee of world peace, American leaders emphasized, would be success in transforming these states, notably Russia, into functioning constitutional democracies.

Providing aid and know-how

Therefore promotion of democracy in what was once called "the East" became a central strand of U.S. foreign policy. That effort took two forms. One was the provision of economic aid, much of it earmarked for underwriting the painful processes of privatization which, with varying measures of seriousness, was the

A BREACH OF SOVEREIGNTY? *Humanitarian intervention by the UN in the southern Sudan provides food, health care, water and other basic supplies.*

declared goal of all the governments involved. Their financial needs were enormous. Western (not merely American) responses, in the form of bilateral transfers directly from governments and through international financial institutions, were not insignificant, but they fell far short of the sums the recipient governments had requested. In the case of the U.S., shortfalls have been compounded by a Congress unwilling to appropriate what the Administration has wanted, especially for assistance to Russia. To complicate matters further, much of the funds that were transferred turned out to be wasted, as well-entrenched economic managers continued doing what they had long done under communism—subsidizing inefficient industries, a process made even more wasteful by the fact that many products of their factories were unsalable in the new, astringent market conditions in which they suddenly had to compete.

The second form of the policy has been a large-scale and continuing effort to pass on Western know-how. Some of the knowledge transferred has pertained directly to the processes of setting up and running liberal, constitutional democracies. Thus there has been extensive instruction in constitution writing, law making, tax systems, the entire electoral process from developing a legal framework to the nuts and bolts of running campaigns and casting and counting votes, civilian control of the armed forces, the workings of free but responsible mass media, and the like. Other efforts have aimed at providing training in the management of a market-driven economy. These include the creation and operation of modern banking systems and securities markets, conversion of industrial plants from military to civilian production, marketing strategies, the organization of labor unions and the like.

Few of the many persons involved in providing this advice come from official government agencies. Instead, they come from private nonprofit organizations ranging from old and established university-based institutes (e.g., Harvard's John F. Kennedy School of Government, which runs a number of programs to strengthen Russian democracy) to labor unions, human-rights organizations, professional associations, foundations, and ad hoc committees formed expressly to take on a task for which one or another of their members, or perhaps a local government agency or citizens' organization, sees a need. The underlying purpose ha been nothing less than the creation of true civil societies in settings in which every structure but the state had previously been impoverished. ■

Paying for democracy

MUCH OF THE FINANCING used to support democratic tendencies in other societies now comes openly from the U.S. government. This significant change occurred in the early 1980s. Before then, during most of the cold war, it was the CIA that covertly funneled aid to political parties, trade unions and other mass organizations, and to individual politicians in a number of countries. Japan's Liberal Democrats and Italy's Christian Democrats were only the most prominent of many recipients of the agency's largesse. As with so many cold-war programs, while the rhetoric used to justify them was that of promoting democracy, the leading value they supported was anticommunism. The purpose of U.S. aid, it was often argued, was to counterbalance covert Soviet support of parties and movements on the far left. In pursuit of that supposed balance, American aid went to some organizations and individuals that were decidedly anti-democratic. Covert transactions invariably risked embarrassing both partners, particularly the recipients of secret American support.

By contrast, in Germany the three leading parties—Christian Democrats, Social Democrats and Liberals—have long given overt financial support to their counterparts elsewhere in Europe and in some developing countries. The principal labor unions do the same. Moreover, a large portion of the money used for such purposes comes from the German state. Other West European polities have similar programs. To American political parties, the idea of aiding foreign political organizations is in itself foreign, among other reasons because the Democratic and Republican parties do not have ideological counterparts, and therefore no close connections with European parties. Nor have they funds to spare for such purposes.

A sense that the U.S. was needlessly disadvantaged—the Soviets had, of course, long funded foreign Communist parties—led a diverse group of congressional and labor leaders in the late 1970s and early 1980s to press for the founding of what in 1984 would become the National Endowment for Democracy (NED). Although the NED receives its funds on an annual basis from the federal government, it was organized as a private foundation insulated from direct governmental control. Under the NED are four independent subsidiaries: the National Democratic Institute for International Affairs, affiliated with the Democratic National Committee; its Republican counterpart, the International Republican Institute; the Center for International Private Enterprise, affiliated with the U.S. Chamber of Commerce; and the Free Trade Union Institute of the AFL-CIO. The NED directly supports some projects, such as a campaign by the opposition in Nicaragua to register voters before the 1990 election that drove the Sandinistas from power. But most of its funds have gone to its four subsidiaries, who have used them to strengthen foreign parties and other mass organizations and to teach them the mechanics of organizing and financing political parties, running elections and operating an effective parliamentary government, as well as supporting activities such as voter registration and election monitoring by international observers. For their part, the recipients of this aid and advice have found that overt approval by an American party or labor union tends to be an electoral asset, rather than—like covert connections when discovered—a handicap.

Supporting democrats

What was new about the NED and its subsidiaries was not only their hybrid nature as state-supported but not state-controlled political-action agencies, but especially their ability overtly to embrace particular parties or candidates in foreign political contests. That focused embrace contrasted sharply with the generalized approach of the U.S. Agency for International Development (AID). Promoting democracy had been part of its mission since the 1960s. During the 1970s a se-

ries of amendments to the Foreign Assistance Act, AID's charter, forbade the agency from assisting governments that violated human rights. In December 1990, with the cold war fast becoming history, AID launched a "Democracy Initiative" aimed at assuring that "within each region of the world, allocations of AID funds to individual countries will take into account their progress toward democratization." AID would therefore "support democratic political development, helping to establish enduring political practices, institutions and values which mobilize participation, channel competition, respect basic human rights and promote open, lawful and accountable governance."

Translated into actual practice, these ambitions mainly took the form of a variety of programs of education, advice and practical training covering just about every aspect of the constitutional governance of modern societies. For these programs, AID drew primarily not upon its own employees, but upon academic experts, publicists and other specialists. Moreover, AID also supplies most of the funds used by the NED and its four subsidiary institutes. All such funds are vulnerable to the vagaries of congressional politics, but it is likely that funneling the major share through AID assures somewhat greater stability.

The price of democracy

It is difficult to get even a rough figure for the U.S. government's annual spending on what are called "democracy programs." That is because accountants differ on how much of the budget of agencies like the U.S. Information Agency (USIA) should be included. Much of the material in USIA libraries abroad, and much of the content of broadcasts by the Voice of America, might be regarded as promoting democracy. The same is true regarding foreign students and professors who come at the federal government's expense (through Fulbright grants, for instance) to study and conduct research in the U.S., or Americans who go abroad to teach. A given individual might have come to study theoretical physics. But—like many Chinese visitors, for instance—she might return home determined to help build there the kinds of democratic institutions she saw close-up in the U.S. How much of her stipend should be regarded as democracy funds?

ABC'S OF DEMOCRACY: *Students in School 1235 in Moscow, Russia, prepare to stage a mock election.*

The same ambiguity is present even in trying to calculate the expenditures on democracy programs of AID alone. The traditional function of the agency is to support economic development. But social scientists and practitioners alike increasingly acknowledge that development has many aspects, and that economic growth has multifold causes. Much of AID's spending on development-related programs in Eastern Europe and the former Soviet Union therefore goes to provide training and resource materials relating to the wide range of activities that make governmental processes more professionally competent, open and accountable to the public—in short, toward strengthening the practical attributes of democracy.

Many other AID "development" programs have important but frequently overlooked "democracy" components. The agency's budget for activities labeled "democracy programs" in fiscal year (FY) 1994 was an impressive $338 million, more than tenfold the $30 million that went to the NED. (Of the latter's funds, 80% were passed on to its four subsidiary organizations. The remainder went for projects the NED initiated directly.) Meanwhile, the General Accounting Office has been examining the budgets of all federal agencies in an attempt to arrive at a full reckoning of all the activities that might plausibly be included under the heading of democracy programs, and has produced as an initial estimate a total sum of $900 million for FY 1993. It continues to work on refining that estimate.

What works?

If, in 20 years or so, Slovakia or Vietnam or—the biggest prize of all—Russia itself is a thriving democracy, observing due processes of law and respecting the full Western panoply of human rights, will it have been because of seeds planted by seminars in constitutionalism held in Bratislava and Hanoi and Moscow by American academic institutions? The question is absurd. But it points up the difficulties involved in crediting outside influences for the complex political, psychological and moral changes involved in a society's transition to constitutional democratic governance. The only sure cure is military occupation, which "worked" in the notable cases of post-1945 Germany and Japan. It seems to have worked also for the tiny island republic of Grenada, which has remained on New York–based Freedom House's list of "Free" countries since U.S. troops evicted its Leninist government in 1983.

The military occupation of Haiti that began in late September 1994 may also work, although it is too soon to tell. But U.S. Marines occupied Haiti from 1915 to 1934 and did not successfully implant democracy. Nor did they do so when they occupied Nicaragua from 1926 to 1933. There they closely supervised the elections of 1928 and 1932. But one sentence in Bryce Woods' classic, *The Making of the Good Neighbor Policy* (1961),

says it all: "The Guardia, trained by the Marines to maintain internal peace and assure free elections in Nicaragua, was placed in command of General Anastasio Somoza." In June 1935 Somoza overthrew the winner of the free 1932 elections and established a family dictatorship that lasted 44 years.

Military occupation is no longer a remedy readily applied. The budget costs of even small-scale operations by U.S. forces are high. The political costs to a sitting President are prohibitive if many American lives are lost. That an operation is sanctioned by the UN Security Council makes little difference. What matters politically is that the nation's vital interests should appear to be at stake. During the long years of cold war, when the Soviet threat was alive and well and democracy was a code-word for anticommunism, Presidents successfully argued that vital interests were engaged nearly everywhere. Now some politicians make a plausible case that vital interests are at stake virtually nowhere, and that even one American life lost in an effort to bring order to most corners of an unruly world is too high a price.

If military intervention is costly, seminars in constitutionalism are cheap. So are the scholarships and fellowships that bring to the U.S. for varying periods of study foreign citizens ranging from undergraduates to distinguished professionals, and it is arguable that nothing is as effective in conveying an understanding of the workings of our complex democratic political system. And so also are all the other activities that are the day-to-day fare of the NED and its affiliated institutes. They are all part of a dense, continuing and sometimes cacophonous global conversation about the norms, ends and means of governance. The conversation is worth having and worth the expense of carrying it on, whether or not a single additional state joins the ranks of those unshakably committed to liberal, constitutional democracy. For it is a conversation that stretches and clarifies Americans' own minds as much as it does the minds of their interlocutors.

Promoting democracy is an endeavor based upon a set of assumptions that are all ultimately unproved. One is that the effort is worth making: that each additional constitutional democracy enhances the safety and well-being of the others. A closely related assumption is that the benefits of seeding and nurturing democracy are worth the costs. And another is that the U.S. knows what to do and how to do it. In this respect, promoting democracy is like all other great enterprises. Those that rest upon no unproved assumptions and have no loose ends are seldom worth the investment of time and treasure, to say nothing of lives.

U.S. policy options

1. Now that the cold war is over, the yardstick against which all U.S. foreign policy decisions should be measured is whether a given course of action will promote democracy abroad.

Pro: With the cold war ended, the U.S. faces no significant security threat. It can therefore afford to give highest priority to the values that gave rise to its own campaign for independence—the presumption that all persons should enjoy equal status before the law and should participate on such a basis in the choice of their leaders. In doing so, the U.S. would also enhance its own security: the evidence is persuasive that liberal democracies do not make war on one another.

Con: Russia and the other republics of the former Soviet Union are friends rather than threats today, but there continue to be many lesser threats to U.S. national interests. Assigning the promotion of democracy the highest priority in foreign policy is a luxury the U.S. still cannot afford and needlessly places decisionmakers in a straitjacket. The U.S. will continue to need friendly relations with regimes whose methods of governing are anathema to it. "Realist" analysts are correct: As long as separate sovereign states exist, it will still be a dog-eat-dog world out there, and U.S. foreign policy must reflect that fact.

2. Under certain conditions, U.S. forces should intervene to rescue a population from genocide or other disaster brought on by an authoritarian regime.

Pro: Military intervention is not an instrument to be used lightly, but there will continue to be situations in which the following set of conditions obtains: 1. A regime's violations of human rights—either by omission or commission—are very widespread and egregious. 2. The offending regime is judged not capable of inflicting grave losses on intervening forces. 3. The intervention has been approved either by the UN Security Council or by the relevant regional organization. In such circumstances, intervention is likely to be both successful and politically tolerable.

Con: Even when all these conditions are met, military intervention is likely to be a very chancy enterprise. The danger is not simply that intervening forces will suffer politically unacceptable losses, but that their intervention will produce perverse results, such as the substitution—after an interval—of one set of cruel leaders for another. Prudence would thus dictate reserving the military instrument for circumstances in which U.S. security is directly and seriously threatened.

3. The U.S. government should not interfere in the politics of other nations.

Pro: Americans would not like it if foreign governments channeled funds through captive foundations in order to support candidates in U.S. elections. Interference is interference, whether the funds involved come directly from foreign governments or are "laundered" through purportedly independent foundations such as the National Democratic Institute and the International Republican Institute.

Con: For the U.S. to abstain from a practice that is commonplace today would place it at a disadvantage. Moreover, U.S. programs to promote democracy abroad are today open and freely acknowledged. If the recipients thought that identification with U.S. funding sources were to their disadvantage, they would not agree to accept the support.

4. The resources the U.S. now devotes to programs for the promotion of democracy abroad are inadequate and should be increased.

Pro: The diverse activities supported by the federal government's "democracy programs" are bargains compared with just about anything else government does and should be increased. Even if it cannot be proved that all are effective, they are worth doing for their own intrinsic value. Most contribute as much to the education of Americans as they do to that of foreign nationals.

Con: There may indeed be a case for increasing the amount of funds devoted to democracy programs, but thus far it has not been made. The U.S. simply does not know enough about what "works" and what does not. If, for example, Americans believe that a given program contributes to their education, the U.S. should support it as such. ■

DISCUSSION QUESTIONS

1. How should one define "democracy"? What institutions and attributes must a polity possess generally to be acknowledged as a constitutional democracy? Is this a universally applicable definition, or is it tied to a particular culture?

2. Are critics correct when they assert that U.S. efforts to promote liberal democracy worldwide are an example of cultural imperialism in which the U.S. is attempting to impose its values on others?

3. Is there likely to be a tension between America's "human-rights agenda" and its "democracy agenda" in dealing with foreign governments? Why or why not?

4. What, in your opinion, is the most persuasive explanation of the phenomenon that liberal democracies do not make war on one another? What explanations do you find least persuasive?

5. Should U.S. political parties accept government funds for use in supporting political parties and other organizations of their choice in other countries? Why or why not?

6. How should American values be reflected in American foreign policy?

READINGS AND RESOURCES

Atwood, J., **Strategies for Sustainable Development.** Washington, D.C., U.S. Agency for International Development, March 1994. 47 pp. $6.11 (plus shipping and processing). A comprehensive statement indicating how the promotion of democracy relates to other AID policies and programs.

Carothers, Thomas, "The NED at 10." **Foreign Policy,** Summer 1994, pp. 123–38. An examination of the National Endowment for Democracy on its 10th birthday.

"Human Rights: A Debate." **Foreign Policy,** Fall 1993, pp. 24–51. Aryeh Neier, in "Asia's Unacceptable Standard," rebuts Bilahari Kausikan's arguments in "Asia's Different Standard." The former is the longtime executive director of Human Rights Watch, a U.S.-based advocacy organization, and the latter is in Singapore's Ministry of Foreign Affairs.

Huntington, Samuel P., **The Third Wave: Democratization in the Late Twentieth Century.** Norman, University of Oklahoma Press, 1991. 384 pp. $17.95 (paper). A distinguished scholar of politics discusses the causes and consequences of the worldwide trend toward democratization.

Lowenthal, Abraham F., ed., **Exporting Democracy: The United States and Latin America—Themes and Issues.** Baltimore, Md., Johns Hopkins University Press, 1991. 312 pp. $13.95. A comprehensive set of essays on the region that has seen the most sustained involvement by the U.S.

Muravchik, Joshua, **Exporting Democracy: Fulfilling America's Destiny.** Washington, D.C., American Enterprise Institute Press, 1992. 259 pp. $12.95 (paper). An objective survey of cold-war and post-cold-war U.S. programs to promote democracy abroad, written by a strong advocate.

Smith, Tony, **America's Mission: The United States and the Worldwide Struggle for Democracy in the Twentieth Century.** Princeton, N.J., Princeton University Press, 1994. 424 pp. $24.95. A comprehensive examination, through case studies covering a century and several continents, of American successes and failures in promoting democracy abroad.

CENTER FOR DEMOCRACY (CFD), 1101 15th St., N.W., Washington, D.C. 20005; (202) 429-9141. ▪ A nonpartisan, nonprofit organization created in 1984 to promote and strengthen the democratic process throughout the world, with emphasis on Latin America and Eastern Europe. The center's activities range from educational and legal reform to advice on privatization and setting up a business clearinghouse for Americans interested in investing in Russia.

FREEDOM HOUSE, 120 Wall St., 26th floor, New York, N.Y. 10005; (212) 514-8040. ▪ Nonprofit, nonpartisan organization that monitors and publishes reports on the state of freedom worldwide.

INTERNATIONAL FOUNDATION FOR ELECTORAL SYSTEMS (IFES), 1101 15th St., N.W., 3rd floor, Washington, D.C. 20005; (202) 828-8507. ▪ IFES is dedicated to analyzing, supporting and strengthening the election process in emerging democracies. The foundation's resource center serves as an information clearinghouse for all aspects of systems for administering democratic elections. Its quarterly bulletin, **Elections Today,** is available to the public.

INTERNATIONAL REPUBLICAN INSTITUTE, 1212 New York Ave., N.W., Suite 900, Washington, D.C. 20005; (202) 408-9450. ▪ The Republican party's agency for supporting political movements and organizations abroad.

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS, 1717 Massachusetts Ave., N.W., 5th floor, Washington, D.C. 20036; (202) 328-3136. ▪ The Democratic party's agency for supporting political movements and organizations abroad.

NATIONAL ENDOWMENT FOR DEMOCRACY (NED), 1101 15th St., N.W., Suite 700, Washington, D.C. 20005; Main Number (202) 293-9072, Journal Number (202) 293-0300. ▪ Nonpartisan organization, chartered and funded by Congress to support democratization abroad, that serves as a source of funds for subsidiaries affiliated with the two major U.S. political parties. Quarterly **Journal of Democracy** covers democratic movements and newly established democracies around the world.

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In order to strengthen our national Great Decisions network, we are currently gathering information for a Great Decisions Discussion Group Directory. To be included in the directory, please fill out this card and mail it to:

Manager, Great Decisions Program
Foreign Policy Association
729 Seventh Avenue
New York, N.Y. 10019

Thank You!

Your name _____

Group/sponsoring organization _____

Group leader's name & address _____

_____

_____

Telephone _____ Number of participants in group _____

When does your group meet? _____ *month* through _____ *month*

TOPIC 1: CONFLICT IN FORMER YUGOSLAVIA

Issue A. In its policy toward the former Yugoslavia, the U.S. should:

	YES	NO
Avoid future involvement in what is essentially a European problem.	36%	54%
Support UN humanitarian aid, prosecution of war criminals and economic sanctions.	85%	8%
Arm the Muslims and use air power to protect them from attack.	20%	66%
Mobilize an international ground operation to stop the war in Bosnia-Herzegovina.	21%	66%
Support a new global peace conference on the former Yugoslavia.	82%	10%
Lead allies in institutional and policy reforms to prevent future "Yugoslavias."	77%	11%

TOPIC 2: SOUTH AFRICA

Issue A. In its economic relations with South Africa, the U.S. should:

	YES	NO
Provide grants and loans to jump-start the economy.	34%	54%
Encourage international financial institutions to provide funds.	83%	11%
Encourage the U.S. private sector to trade with and invest in South Africa.	87%	7%
Treat South Africa no differently than any other country.	53%	32%

Issue B. With respect to South Africa's democratic transition, the U.S. should:

Provide technical assistance, for example poll watchers.	69%
Play no role, direct or indirect.	19%

TOPIC 3: EX-SOVIET BLOC'S ENVIRONMENTAL CRISIS

Issue A. In order to help the former Soviet-bloc countries improve their environmental conditions, the U.S. should provide:

	YES	NO
Unrestricted grants.	4%	83%
Unrestricted loans.	7%	79%
Grants earmarked for specific programs such as environment-friendly technology.	65%	26%
Loans earmarked for specific purposes such as environment-friendly technology.	80%	13%

Issue B. Would it be appropriate for the U.S. to channel aid for environmental cleanup through citizen groups?

Yes	65%
No	21%

Issue C. To combat the environmental damage caused by the policies of the former Soviet-bloc countries, the U.S. should urge those countries to give the highest priority to:

Reducing air pollution.	10%
Upgrading nuclear reactors to meet international standards.	17%
"Denuclearizing" energy-intensive economies.	8%
Eliminating or reducing nuclear weapons and providing for their safe disposal.	32%
Cleaning up and restoring the quality of international bodies of water in and around the former Soviet bloc.	17%

TOPIC 4: TRADE WITH PACIFIC RIM

Issue A. In its trade negotiations with the Pacific Rim, the U.S. should:

	YES	NO
Pursue freer trade with all economies of the region.	89%	6%
Correct trade imbalances by the use of quotas, voluntary export restraints and other barriers.	33%	55%
Tie trade agreements with China and Indonesia to respect for human rights.	38%	53%
Tie trade with Taiwan to guarantees for intellectual property rights.	54%	31%
Lift the trade embargo on Vietnam.	80%	9%

Issue B. In its trade negotiations with Japan, the U.S. should:

	YES	NO
Press for a share of the Japanese market for U.S. exports, industry by industry.	67%	18%
Press for structural changes in the Japanese economy.	26%	54%
Offer to make structural changes in the U.S. economy (e.g., increase savings and investment) in exchange for structural changes in the Japanese economy.	50%	32%
Not worry about a trade imbalance with Japan since the U.S. has trade surpluses with other countries.	22%	59%

** Results of 35,003 ballots received as of June 30, 1994, and tabulated by Calculogic Corporation of New York City.*

TOPIC 5: DEFENSE PRIORITIES

Issue A. From roughly $300 billion in 1990, the U.S. national defense budget is slated to decline to just over $250 billion (in current dollars, not adjusted for inflation) in 1998. This proposed level of defense spending is:

Too much.	33%
Too little.	16%
Just about right.	47%

Issue B. Concerning peacekeeping missions overseas, the U.S. should:

Participate only in concert with the UN or other nations.	81%
Take unilateral action if others refuse to act.	11%

Regarding other aspects of peacekeeping missions, the U.S. should:

	YES	NO
Engage in such missions only when U.S. national interests are at stake.	59%	24%
Commit troops only when peace can be established quickly and with little risk to American lives.	56%	24%

Issue C. With regard to the size of the post-cold-war military, the U.S. should:

Retain the 1.6 million-strong "base force" advocated by the Bush Administration.	19%
Further reduce to 1.4 million active-duty troops, as recommended by the Clinton Administration.	42%
Cut back even further in recognition of the fact that our primary military competitor has collapsed.	27%

TOPIC 6: ARGENTINA, BRAZIL, CHILE

Issue A. In its relations with Argentina, Brazil and Chile, the U.S. should:

	YES	NO
Strengthen economic and trade ties, particularly to increase U.S. exports to the region.	90%	4%
Support the democratization process to ensure that military dictatorship does not recur.	81%	10%
Provide economic and technical assistance to address the growing problem of poverty and social needs.	74%	18%
Not intervene in the domestic affairs of the three countries.	66%	22%

Issue B. Should the U.S. seek to expand the North American Free Trade Agreement to include Chile and other Latin American countries?

Yes	77%
No	11%

TOPIC 7: ISLAM AND POLITICS

Issue A. In its relations with Egypt, Algeria and Tunisia, the U.S. should give its highest priority to:

Supporting governments that back Arab-Israeli peace process.	30%
Promoting free elections.	7%
Supporting human rights.	8%
Encouraging economic and social reforms.	44%
Supporting repression of Islamic movements.	1%

Issue B. With regard to the Islamic revival, do you consider it a threat to U.S. interests in the Middle East?

Yes	61%
No	28%

TOPIC 8: NEW WORLD DISORDER?

Issue A. To further the national interest, the U.S. should:

Expand NATO to include nations from the former Warsaw Pact.	68%
Maintain NATO as it is.	20%
Withdraw from NATO.	7%

Issue B. In East Asia and the Western Pacific, the U.S. should:

	YES	NO
Maintain the present military and naval posture in the region.	52%	29%
Withdraw troops from South Korea and Japan while maintaining present naval posture in the region.	24%	51%
Reduce present military and naval posture in the region.	32%	44%
Negotiate overall arms reductions with the other powers of the region.	79%	6%

Issue C. With regard to America's democratic mission, the U.S. should:

	YES	NO
Restore democracy in Haiti.	42%	32%
Deploy U.S. forces to act as peacekeepers under United Nations command.	58%	28%
Deploy U.S. forces to act as peacekeepers under U.S. command.	21%	54%

NOTE: Percentages reported above may not add up to 100 because some participants did not mark particular ballots or volunteered other responses not shown here. Percentages with .5 and above are rounded up to the next number.

AFRICA

'94—South Africa: Forging a Democratic Union
'92—Africa South of the Sahara: Fresh Winds of Democracy?
'89—Horn of Africa: Empty Cornucopia?
'87—South Africa: Apartheid Under Siege
'84—South Africa: Can U.S. Policies Influence Change?

ASIA

'93—China: New Reforms, Old Politics?
'93—India & Pakistan: Collision or Compromise?
'91—Japanese-U.S. Trade: Harmony or Discord?
'90—Vietnam, Cambodia and the U.S.: Return Engagement?
'89—China: Redefining the Revolution
'88—South Korea: The Future of Democracy
'87—Pacific Basin: Alliances, Trade & Bases
'87—Pakistan & Afghanistan: Storm Over Southwest Asia
'85—The Philippines: What Future for Democracy?
'84—China & the U.S.: Five Years After Normalization

FORMER SOVIET UNION AND EASTERN EUROPE

'94—Conflict in Former Yugoslavia: Quest for Solutions
'93—Russia & the Central Asian Republics: After Independence, New Directions?
'92—Breakup of the Soviet Union: U.S. Dilemmas
'91—Nationalism's Revival: The Soviet Republics and Eastern Europe
'90—U.S.S.R. and Eastern Europe: End of an Era?
'88—The Soviet Union: Gorbachev's Reforms
'85—Soviet Leadership in Transition: What Impact on Superpower Relations?
'84—The Soviet Union: Hard Choices for Moscow—& Washington

LATIN AMERICA

'94—Argentina, Brazil, Chile: Democracy and Market Economics
'92—Latin America's New Course: Bridge to Closer U.S. Ties?
'91—Cuba: What Future for Castro and Communism?
'90—Nicaragua and El Salvador: War or Peace in Central America?
'89—Latin American Debt: Living on Borrowed Time?
'88—Mexico & the U.S.: Ambivalent Allies
'86—Democracy in Latin America: Focus on Argentina & Brazil
'85—Revolutionary Cuba: Toward Accommodation or Conflict?
'84—Central America, Mexico & the U.S.: Discord Among Neighbors

MIDDLE EAST

'92—Middle East After Desert Storm: As the Dust Settles
'91—The Middle East: New Frictions, New Alignments
'90—Palestinian Question: Is There a Solution?
'89—The Persian Gulf: Reassessing the U.S. Role
'88—U.S. & the Middle East: Dangerous Drift?
'87—Egypt & the U.S.: Uneasy Relations
'86—Israel & the U.S.: Friendship & Discord
'85—Iran-Iraq War: What Role for the U.S. in Persian Gulf?
'84—Saudi Arabia & Jordan: Kingdoms at the Crossroads?

WESTERN EUROPE

'93—Germany's Role: in Europe? in the Atlantic Alliance?
'91—The New Europe: What Role for the U.S.?
'86—European Community & the U.S.: Friction Among Friends
'85—Future of the Atlantic Alliance: Unity in Diversity?

DEFENSE AND SECURITY

'94—Defense: Redefining U.S. Needs and Priorities
'90—Third World Arms Bazaar: Disaster for Sale?
'89—Arms Agreements: Too Little Too Late, or Too Much Too Soon?
'88—Western Europe: Between the Superpowers
'87—Defense & the Federal Deficit: U.S. Needs, Soviet Challenges
'86—'Star Wars' & the Geneva Talks: What Future for Arms Control?
'85—U.S. Intelligence: The Role of Undercover Operations
'84—U.S. Security & World Peace: Allies, Arms & Diplomacy

ECONOMIC ISSUES

'94—Trade with the Pacific Rim: Pressure or Cooperation?
'93—Trade & the Global Economy: Projecting U.S. Interests
'90—The U.S., Europe and Japan: Global Economy in Transition?
'89—Farmers, Food & the Global Supermarket
'88—U.S. Trade & Global Markets: Risks & Opportunities
'87—Foreign Investment in the U.S.: Selling of America?
'86—Third World Development: Old Problems, New Strategies?
'85—Budget Deficit, Trade & the Dollar: Economics of Foreign Policy
'84—International Debt Crisis: Borrowers, Banks & the IMF

ENVIRONMENT

'94—Environmental Crisis in Former Soviet Bloc: Whose Problem? Who Pays?
'92—Planet Earth: Dying Species, Disappearing Habitats
'91—Women, Population & the Environment: The Relationships, the Challenges
'90—Global Warming & the Environment: Forecast Disaster?
'88—The Global Environment: Reassessing the Threat

U.S. FOREIGN POLICY

'94—New World Disorder? U.S. in Search of a Role
'93—U.S. in a New World: What Goals? What Priorities?
'92—U.S. Agenda for the '90s: Domestic Needs, Global Priorities
'91—Rethinking Foreign Aid: What Kind? How Much? For Whom?
'89—Ethics in International Relations: Power & Morality
'88—U.S. Foreign Policy: Projecting U.S. Influence
'87—Constitution & Foreign Policy: Role of Law in International Relations
'86—How Foreign Policy Is Made: The Case of Central America
'85—U.S. Intelligence: The Role of Undercover Operations

OTHER CRITICAL ISSUES

'94—Islam and Politics: Egypt, Algeria and Tunisia
'93—UN: What Role in the New World?
'93—Children at Risk: Abroad and at Home
'92—The Refugee Crisis: How Should the U.S. Respond?
'92—The AIDS Pandemic: Global Scourge, U.S. Challenge
'91—Media's Role in Shaping Foreign Policy
'90—United Nations: New Life for an Aging Institution
'89—International Drug Traffic: An Unwinnable War?
'87—Dealing With Revolution: Iran, Nicaragua & the Philippines
'86—International Terrorism: In Search of a Response
'86—Religion in World Politics: Why the Resurgence?
'85—Population Growth: Critical North-South Issue?
'84—International Drug Traffic: Can It Be Stopped?

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James B. Chandler
Isabel Chiquone
Paul B. Chu
Robert L. Clifford
Dr. Stanley S. Dennison
Mrs. Charles H. Donald
Dawn R. Donnellan
Corinne M. Dyas
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John C. Erskine
Anne H. Finch
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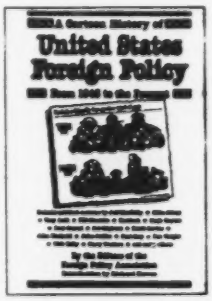

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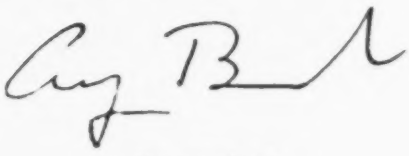

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New York, New York 10019
(212) 764-4050 ■ Fax: (212) 302-6123 ■ (800) 628-5754

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GREAT DECISIONS 1995
TEACHER'S GUIDE

Foreign Policy Association
New York

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Introduction

Many political analysts have described the 1994 elections in the U.S. as a mandate for change in domestic policy. Others view them as a reflection of the general unease or uncertainty about the direction in which the nation is headed. To paraphrase one pundit, the American people are bent on seeing to it that Washington really gets the message and gets it right, if not right away.

But what is the "message"? What is it the American people want this nation to stand for in the world? The Republican "Contract with America" calls for more spending to improve military preparedness. The majority of voters in California favor curbing illegal immigrants by denying their children a free education. The public at large appears resistant to sending more U.S. troops abroad on humanitarian missions. Attitudes toward the UN, beginning with the White House, are changing. Each of these issues is likely to provoke passionate debate among the Administration, the Republican-controlled 104th Congress and the American people in coming months.

It is risky, of course, to view international relations solely through the lens of domestic politics. A half century ago, right after the U.S. had emerged from two world wars and the Great Depression and was about to embark on a long, tense struggle with the Soviet Union known as the cold war, analysts speculated on what the 1946 congressional elections meant for the New Deal agenda. Within months, foreign affairs, including such landmark measures as the Truman Doctrine, the Marshall Plan and the containment policy, overshadowed domestic issues as the central preoccupation of the country.

There are some similarities today with the post-World War II period. Another war—the cold war—has ended, and the world is embarked on a new era. The U.S. is restive and preoccupied with its own internal affairs. But international relations demand its attention. In 1995, reducing trade and federal deficits, continuing attempts to curb nuclear weapons, advancing the peace process in the Middle East, and redefining or modifying relations with the UN are among the vital interests of the U.S. That is why we have included these topics in the 1995 *Great Decisions* briefing book. However, we suggest that you consider the possibility that perhaps the greatest concern of all—one that may affect the future of the U.S.—is the historic role this nation has assumed to promote democracy, freedom and human rights in the world. Looking at these issues through the prism of the past may offer new insights and approaches to current problems in an uncertain world. It is important that we in the U.S. define and explore our proper role in the world and that we get it right.

Amon A. Diggs
December 1994

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UN at 50: reaching out or overreaching?

- *Should changes be made in the UN Charter?*
- *Should the UN intervene in disputes without the consent of the parties in question?*
- *What role should the U.S. play in UN peacekeeping operations? in humanitarian operations?*

ARTICLE SUMMARY

THE UNITED NATIONS will celebrate its 50th anniversary in 1995 at a time when its status and role are being challenged by the rise of ethnic rivalries, civil wars, human calamities and the threat of anarchy in some regions of the world. The UN has had many successes: it has assisted newly independent nations get a start and it has alleviated human misery. It has received four Nobel Peace Prizes in recognition of these accomplishments. The organization has also suffered setbacks, as illustrated by its ventures in Somalia and Bosnia.

The collapse of the Soviet empire liberated the UN Security Council from the threat of paralysis by veto and enabled it to embark on more peace operations in the last decade than in the entire 40 years of the cold war. By mid-May 1994, 70 countries had contributed to the 70,000 blue helmets in action around the world. The coming anniversary could highlight a second chance for the UN to realize its potential as peacemaker, a catalyst for social and economic development and a humanitarian rescue service.

ACTIVITY ONE

Overview

Secretary General Boutros Boutros-Ghali, recognizing that the passing of an old order does not necessarily create a new order, has proposed UN agendas for peace and for development. Critics believe these plans represent a drift toward an undesired supranationalism, while advocates hail them as a bold new departure for the future of the organization. The stinging defeat of the mission in Somalia has led critics of a proposal for a UN permanent peacekeeping force, including some in Washington, D.C., to argue that the UN is overextended and should not be given more power. The White House issued new policy guidelines that set strict conditions not only for U.S. participation in UN peace operations but also for U.S. support for any new peace missions. This action strained relations between Boutros-Ghali and President Bill Clinton and led the secretary-general to temper his views.

Boutros-Ghali did not modify his views on what he stated was an agenda for "human development." Advocating more attention and more aid for "low-income countries," the secretary-general called for improved progress toward social justice, population control and environmental responsibility. He asked for rapid improvements to raise the quality of life for millions of people around the globe while preserving the earth's environment.

As with the questions raised concerning peace operations, criticism and resistance to the secretary-general's agenda focused on national sovereignty, UN capabilities and the intractability of many problems around the

world. Despite several important conferences that have already been held and others planned for the future, many maintain that local and national governments, responding to pressures from community groups and NGOs, hold the key to improving people's lives and maintaining peace.

What are the prospects for the UN? How should the UN respond to the escalating threats to peace that have occurred since the end of the cold war? What policies should the U.S. adopt and what role should it play as the major power in the world organization? Can the UN persuade its critics to accept a new role for the organization?

Objectives

Upon completion, participants will be able to:

1. Describe the role the UN played in world affairs during the cold war.
2. Analyze and discuss significant world trends that have emerged since the end of the cold war.
3. Describe the agendas for UN peacekeeping and development proposed by Secretary General Boutros-Ghali.
4. Evaluate their effects on the UN and on the world community.

Materials

Chalkboard, chalk

Time

Approximately 55 minutes

Procedures

Begin the discussion by asking the participants to list what they believe were the most significant UN achievements in peacekeeping and development assistance in the 40 years of the cold war. Have them explain how the nature of the cold war affected these efforts.

Then ask them to list the most significant UN achievements in peacekeeping and development assistance in the years since the end of the cold war. Ask them what social, economic and political conditions may have hindered these actions and have themcompare the obstacles with those that existed during the cold war.

Divide the participants into two groups, "peacekeeping agenda" and "human development agenda." Give them each about 15 minutes to do the following:

a) describe Secretary General Boutros-Ghali's ideas on how to achieve this agenda;

b) explain what major obstacles must be overcome in order to accomplish this agenda;

c) determine what, if anything, must be done to promote this agenda;

d) describe how this would affect the position and role of the UN.

When the time is up, bring the two groups together and, outlining their responses on the chalkboard, have them explain their agenda, describe the obstacles that exist to its implementation and determine what actions would be required in order to carry it out. Ask them to present a scenario in which their agenda could be successfully adopted by the UN. Ask them to compare the effects of the two agendas on the world and on the UN. Get them to determine which of the two would be more practical or easier to implement at the present time or in the foreseeable future. Ask them whether or not the UN must adopt one or both of these agendas in order to be relevant and an important agent in today's world. Get them to explain what they believe will or will not happen if these proposals fail to be adopted by the UN and what that will mean for the prospects for peace and human development.

ACTIVITY TWO

Overview

The U.S. has tended to withdraw into some form of isolationism after an important or significant international event. With the end of the 40-year cold-war struggle between the U.S. and the Soviet Union, this tendency has once again manifested itself. World conditions are changing rapidly, and in many regions national order has broken down into bitter ethnic, religious and civil chaos. It is ironic that the U.S., the world's only superpower, must grapple with this inclination. Americans are hesitant and confused over their role and options for dealing with today's global uncertainties. Should they embrace supranationalism and subordinate U.S. political will and military power to international control? Or should they act in concert with

other nations only when it will advance the vital interests of the U.S.? In the Persian Gulf, Somalia, Haiti and other areas, U.S. policies have reflected uncertainty about U.S. goals and missions.

What role should the U.S. play in the world community? How should the it respond to the peacekeeping and development agendas under discussion at the UN? What—if any—obligation does the U.S. have to support the UN as it attempts to adjust to the post-cold-war world? What effect will U.S. policies have on the UN and the prospects for peace and human development?

Objectives

Upon completion, participants will be able to:

1. Describe changes in the post-cold-war world and how they affect the vital interests of the U.S. and the UN.
2. Explain how the proposals of Secretary General Boutros-Ghali conflict with the constitutional and historical role of the U.S.
3. Analyze and evaluate how the U.S. can maintain its presence in global affairs, reconciling that role with U.S. traditions and economic and political requirements.

Materials

"Handout on the U.S. and the UN" (see page 36), chalkboard, chalk

Time

Approximately 55 minutes

Procedures

Distribute the "Handout on the U.S. and the UN." Have participants examine actions by the U.S. depicted in the first four sections of the handout. Have them take about 20 minutes to discuss key items in each period and determine:

a) why they believe the U.S. position in each period was in the best interests of the U.S. and the world;

b) what, if anything, they believe the U.S. should have done differently in each period;

c) how they believe this difference in policy or action would have affected the global position of the U.S. and some of the major problems that now exist in the world.

Ask the participants to identify major trends or patterns in the ways in which the U.S. has dealt with important international events since 1910.

Next have the participants examine the recent U.S. actions or involvements listed in the fifth section of the handout. Have them compare these actions with ones in the past, and ask them to determine which actions they believe are in the best interests of the U.S.

Have them explain how conditions and problems have changed in the world since 1990 and how the status and role of the U.S. and the UN have changed in response. Ask them what they believe the relationship between the U.S. and the UN should or should not be as the U.S. seeks to define and explain its role for the foreseeable future.

GLOSSARY

- **blue helmets.** UN peacekeeping forces. Peacekeeping missions fall into one of two categories: to stop or contain hostilities, thus creating conditions in which peacemaking can prosper, or to supervise the implementation of an interim or final settlement that has been negotiated by peacemakers.

- **Khmer Rouge.** Native Cambodian Communists who took power in Cambodia in 1975 under the leadership of Pol Pot. The Khmer Rouge was responsible for the deaths of between 1 million and 3 million Cambodians. The regime was overthrown in 1979 when Vietnam invaded Cambodia. Since then the Khmer Rouge has maintained a guerrilla force to fight the Vietnamese. Literally, "rouge" means red (the symbolic color of communism) and "Khmer" is the name of the people who live in Cambodia.

- **Kurdish minority.** An ancient non-Arab people totaling 20 million or more, the Kurds are dispersed among Iran, Iraq, Turkey, Syria and Kurdistan. The majority belong to the Sunni sect of Islam, the dominant sect representing 90% of the world's Muslims. Most are tribesmen who live in mountainous areas that, until modern times, were far from the reach of a central government. A small number are urbanized. The Kurds failed to win recognition as a separate state after World War II, and since then they have attempted to achieve greater autonomy within various countries.

- **League of Nations.** An association of nations devoted to peace, established in 1919 in the aftermath of World War I. The Senate refused to approve U.S. participation. The league was dissolved in 1946 and many of its functions were taken over by the UN.

- **macroeconomic growth.** Macroeconomics is that branch of economics that analyzes patterns of change in national economic indicators such as gross domestic product, the money supply and the balance of payments. Governments attempt to influence these indicators through fiscal policies that determine the level and pattern of national expenditures and raise revenues through taxation and deficit financing and monetary policies.

- **multinationalism.** Of, relating to, or involving more than two nations.

- **Operation Desert Storm.** Military action in the Persian Gulf war that commenced on January 16, 1991, when the U.S.-led coalition of UN forces began bombing Iraq in response to Iraqi President Saddam Hussein's occupation of Kuwait. Desert Storm involved a month of heavy bombing of Iraq's infrastructure, culminating in a ground offensive that liberated Kuwait.

- **Organization of American States (OAS).** A 24-member regional association of Western Hemisphere states. The OAS charter was adopted at Bogotá, Colombia, in 1948. The organization's purpose is to promote solidarity and strengthen collaboration among the member states and defend their sovereignty, territorial integrity and independence.

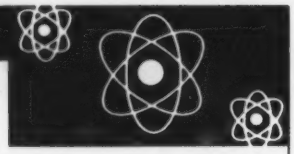
- **Security Council.** An organ of the UN that has primary responsibility, under the Charter, for the maintenance of international peace and security. The Secuarity Council comprises 15 members: 5 permanent members, the U.S., Britain, China, France and Russia, and 10 elected members. The Security Council is responsible for investigating disputes, recommending methods for settling conflicts, establishing a system to regulate armaments, determining the existence of a threat or act of aggression and recommending action, and calling on members to apply economic sanctions to prevent aggression.

- **United Nations Children's Fund (Unicef).** An international agency that distributes funds among countries to improve children's welfare. Initially established as a temporary organization to assist children in war-torn countries, Unicef was made permanent in 1953.

- **United Nations Development Program (UNDP).** An international agency that coordinates and administers technical assistance provided through the UN system to speed social and economic development in less-developed countries.

- **United Nations Office of High Commissioner for Refugees (Unhcr).** The office was established by the UN General Assembly in 1950 to protect refugees and promote durable solutions for their problems. Unhcr depends entirely on voluntary contributions from governments and private sources for its programs, and seeks to assist the more than 12 million refugees in the world.

- **United Nations Population Fund (Unfpa).** Originally called the United Nations Fund for Population Activities, the agency was founded in 1972 to help support population and family-planning services in developing countries. The largest source of multilateral population assistance, Unfpa has a budget of more than $150 million and funds programs in about 140 countries.



Nuclear proliferation: can it be capped?

- *How important is nonproliferation in the post-cold-war period?*
- *Are current safeguards adequate to deal with the problem of nuclear proliferation?*
- *What measures can be taken to stem the sale of nuclear materials on the black market?*

ARTICLE SUMMARY

CURBING THE SPREAD of nuclear weapons, stemming the nuclear ambitions of nonnuclear countries and lowering existing nuclear stockpiles are high on the list of U.S. foreign policy priorities. These are among the issues to be discussed in April and May 1995, when representatives of more than 160 nations meet in New York City to decide whether to extend indefinitely the Treaty on the Nonproliferation of Nuclear Weapons (NPT), the world's chief defense against the spread of nuclear arms. Although the disintegration of the Soviet Union and the end of the cold war have greatly reduced the threat of nuclear war, nations continue to possess, build or aspire to build nuclear weapons. Since the first atomic bomb was tested in 1945 in the New Mexico desert, nuclear weapons have shaped the lives and destinies of people and nations around the world. The article traces the history of three nuclear races: against the Nazis, between the superpowers and against further proliferation. It examines what motivates countries to acquire nuclear weapons and discusses the scope and effectiveness of international nuclear nonproliferation efforts, including the role of the International Atomic Energy Agency (IAEA). It surveys nuclear hot spots, including the former Soviet Union, North Korea, Iraq, India and Pakistan. Finally, the article outlines current U.S. policy on nuclear proliferation and presents different policy options for the future.

ACTIVITY ONE

Overview

The debate over issues and events stemming from the nuclear arms races that began during World War II still stirs passions. The very nature of nuclear weapons arouses strong feelings. They are perhaps the biggest threat to the survival of human civilization as we know it.

The development of the atomic bomb during World War II is one of the gripping dramas in the history of modern technology. This arms race began in universally condemned Nazi Germany, which presented a grave threat to the world, especially the U.S. and its Allies. The U.S. responded to the challenge by successfully developing the atomic bomb. By then the Nazis sued for peace, and the U.S., faced with the difficult task of defeating Japan, used the bomb twice in the closing days of the Pacific campaign. The bombing of Hiroshima and Nagasaki has been the subject of much debate, acrimony and soul-searching ever since. The atomic age had begun.

The advent of the cold war, the post-World War II rivalry and hostility between the U.S. and the Soviet Union, spurred a second nuclear arms race. The U.S. struggled to stay ahead of the Soviets in strength, effectiveness and delivery of nuclear weapons, while the Soviet Union attempted to catch up to and surpass the U.S. This resulted in the production of over 75,000

nuclear devices. Each side achieved the position of being able to threaten the other with "mutually assured destruction" in case of the outbreak of nuclear war. At least twice, over Berlin and Cuba, the two countries went to the brink of war. Other nations over time secretly or openly joined the "nuclear club," either to flex nationalist muscles or to menace real or perceived enemies.

As the nuclear arms race progressed, various individuals, organizations and groups, governmental and nongovernmental, have attempted to stop or slow it. Efforts were also made to bring nuclear arms under international control, beginning with Presidents Harry S. Truman and Dwight D. Eisenhower. Eventually, however, following initiatives begun by President John F. Kennedy, the U.S., the Soviet Union and other nations began to cooperate in the struggle to curb and eliminate these dangerous weapons and to prevent their spread to additional nations.

Why did the world embark on a nuclear arms race during World War II? How did the post-World War II nuclear arms race differ from the arms race during the war? What effect did the two arms races have on the conduct of international relations? How effective were the attempts to limit the nuclear arms race during the cold war?

Objectives

Upon completion, participants will be able to:

1. Explain why the nuclear arms race between the U.S. and Nazi Germany during World War II is viewed differently than the nuclear arms race the U.S. entered after the war.
2. Explain why the U.S. and the Soviet Union began efforts to control the spread and deployment of nuclear weapons and evaluate the degree of their success.
3. Describe the effects of the nuclear arms race on the U.S., the Soviet Union and the world during the cold-war era.

Materials

Chalkboard, chalk

Time

Approximately 55 minutes

Procedures

Begin the discussion by asking the participants why so many books, films and articles have been produced about the atomic bombing of Hiroshima and Nagasaki. Describe the debate that still rages concerning the use of this weapon and ask them to give reasons why they believe the bomb should or should not have been used. Ask them why the U.S. did not drop the bomb on Germany and why there has been very little criticism of the U.S. decision to develop the atomic bomb in the first place. Ask them for a definitive statement as to what it means for the U.S. to be the only nation to have used atomic weapons in warfare.

Describe the attempts by Presidents Truman and Eisenhower to internationalize control of nuclear weapons. Ask them if, looking back, they believe this would have been a wise thing for the U.S. to do, given the nature of the cold war. Ask them to assess why both the U.S. and the Soviet Union felt it necessary to mount a nuclear arms race as the cold war intensified. Ask them how they would assign blame and responsibility for the race and get them to determine if this competition could have been avoided.

Point out that the U.S. and the U.S.S.R., at their peak, amassed over 75,000 nuclear devices. Ask them why this happened and what effect they believe this had on both nations. Get them to speculate on what both nations could have done to avoid this development. Ask them what effect this might have had on the history of the past 50 years, making sure to point out that some critics believe that the mutual threat of overwhelming nuclear weapons may have actually restrained both the U.S. and the U.S.S.R. from going to war. Ask them how successful the nuclear disarmament movement was during this period, given the rivalry and suspicion on both sides.

End the discussion by asking them what they believe were the most successful attempts to limit or eliminate the nuclear arms race during the cold war.

ACTIVITY TWO

Overview

Attempts to curtail the world's nuclear arms buildup in the latter days of the cold war did not eliminate the nuclear threat to the world but rather set up a regime to handle some of the major problems connected with this issue. A key part of the regime is the nuclear

nonproliferation treaty of 1968. In 1995 more than 160 nations will meet in New York City to review its terms and to decide whether to extend it indefinitely. Some of the key issues to be explored include universal nuclear disarmament, production and control of fissile material, renunciation of the use of nuclear weapons and a comprehensive ban on nuclear testing. Certainly the roles played and the examples set by the five declared nuclear powers—the U.S., Russia, Britain, France and China—as well as the undeclared nuclear powers will have enormous influence on halting the spread of nuclear weapons.

The U.S. must play a leading role in these deliberations. It would be ironic if U.S. efforts to bring nuclear proliferation under control failed now after so much work. The increase of ethnic rivalries, civil disruptions and militarist adventurism in many parts of the world over the last few years creates a dangerous environment for the continued proliferation of nuclear weapons. In several regions of the world, including the Middle East, the Korean peninsula, Southeast Asia and Eastern Europe, instability, threats and bitter enmity present a serious threat of nuclear war, given the nuclear activities of such nations as Iran, Iraq, Israel, North Korea, India, Pakistan and Russia. In addition, control and disposition of nuclear materials and weapons are in danger of being transferred or moved across present national boundaries as part of a growing trend of smuggling, surreptitious trading and profiteering in nuclear materials.

How can the proliferation of nuclear weapons and materials be slowed in the post-cold-war world? How can the nonproliferation regime help achieve this goal? How will anarchistic conditions of rivalry and ethnic and civil strife, coupled with bitter hatreds and powerful national ambitions, affect this struggle? What role should the U.S. play in attempting to solve this important problem?

Objectives

Upon completion, participants will be able to:

1. Describe the major reasons why nuclear proliferation remains a danger in the post-cold-war era.
2. Analyze the problems and issues that contribute to the dangers of nuclear proliferation and suggest methods of dealing with them.
3. Discuss the role the U.S. should play in helping to halt proliferation.

Materials

"Handout on Nuclear Issues" (see page 37), chalkboard, chalk

Time

Approximately 55 minutes

Procedures

Begin the discussion by asking the group why there has been so much chaos and brutality among various peoples in the world since the end of the cold war. Ask them why a world dominated by the U.S. and the Soviet Union seemed to be more orderly and to lack the disturbing outbreak of ethnic tensions, rivalries and violence that has occurred recently. Ask them to list the regions showing the most bitter or violent disturbances. List the regions they name on the chalkboard.

Break the participants into groups representing six areas possessing nuclear weapons: Europe and China, the former Soviet Union, North Korea, the Middle East, South Asia and the U.S.

Distribute the "Handout on Nuclear Issues" to each group and ask the participants to work together to complete the handout and to determine strategies that they believe could resolve the major problems in these areas. Give them about 15 minutes for this task.

After they have finished, bring them back together and ask them to describe the nations they represent and what they believe their nations are seeking in the world community. Ask them to state what they believe are the major national issues or problems and ask them what could be done to address these problems peacefully. Ask them whether the nations or problems they have discussed have a direct bearing on some of the troubled areas they have identified previously and listed on the chalkboard. Then ask them what effect nuclear weapons will have on these issues. Ask them if they believe nuclear proliferation can be separated from the basic problems they have discussed and, if so, how they believe this can be accomplished.

After each group has finished, ask if it is possible to devise a general strategy to reduce or eliminate the dangers of nuclear weapons throughout the world by comparing the situations and the remedies suggested for each area. Ask them whether they believe the

nonproliferation regime, the UN or some other groups or organizations might best be able to develop such a strategy. Ask them what role the U.S. can and should play in order to assist in this process.

Conclude by asking participants why they do or do not believe that the issue of nuclear proliferation will be resolved in the immediate future and what they believe will be the consequences.

GLOSSARY

- **atomic bomb (A-bomb).** Bomb whose explosive power comes from the fissionable nuclei of the isotopes uranium-235 or plutonium-239. The first had a force of 17 kilotons of TNT.
- **fission.** Splitting of uranium or plutonium atomic nuclei into fragments releases energy in the form of heat, blast and radiation. This process is used in atomic bombs.
- **fusion.** The compression of lightweight atomic nuclei into a nucleus of heavier mass, with the attendant release of energy, a process similar to that which occurs in the sun. This process is used in hydrogen bombs.
- **highly enriched uranium.** Uranium in which the percentage of uranium-235 nuclei has been increased from the naturally occurring level of 0.7% to some greater level, usually around 90%. Along with plutonium, one of the two fuels essential for making nuclear weapons.
- **hydrogen bomb (H-bomb, or thermonuclear bomb).** Bomb whose explosive power derives from nuclear fusion. The first one tested by the U.S. was nearly 600 times more powerful than the atomic bomb dropped on Hiroshima. Hydrogen bombs have never been used as weapons.
- **Intermediate Nuclear Force Treaty (INF).** 1987 bilateral treaty between the U.S. and the U.S.S.R. eliminating intermediate- and short-range ballistic missiles.
- **International Atomic Energy Agency (IAEA).** Established in 1957, it has a working relationship with the UN. Under the NPT (see below), parties must conclude a safeguards agreement with the IAEA, whose main job is to verify that nuclear materials used to produce energy in member countries are not diverted to military purposes.
- **nuclear nonproliferation regime.** See Treaty on the Non-Proliferation of Nuclear Weapons.
- **plutonium.** An isotope which is manufactured artificially when uranium-238, through irradiation, captures an extra neutron. One of the two core materials used in nuclear weapons, the other being highly enriched uranium (see above).
- **safeguards.** System used by the IAEA to inspect a nation's nuclear facilities that are declared as a result of the country becoming party to the NPT or as a result of a bilateral agreement. Inspections make use of a mix of material accountancy, containment and surveillance to provide evidence of unauthorized use or transfer of safeguarded nuclear materials.
- **spent fuel.** Nuclear fuel that has been used in a reactor and removed because it contains too little fissile material to sustain reactor operation. It is extremely radioactive.
- **Strategic Arms Limitation Talks (SALT) I and II.** Salt I talks (1969-72) resulted in the Antiballistic Missile (ABM) Treaty of 1972. The treaty, amended in 1974, limits ABM systems to a single deployment area of 100 ABM launchers and missiles. In the Interim Agreement of 1972, the U.S. and the U.S.S.R. froze the number of strategic-ballistic-missile launchers at 1972 levels. The second round of talks (1972-79) ended in agreement by the U.S. and the U.S.S.R. to set equal aggregate ceilings and subceilings on strategic-offensive-weapons systems and impose restraints on existing and future strategic systems. Before the agreement was ratified, the U.S. repudiated its commitment to remain within SALT II limits in response to alleged Soviet violations.
- **Strategic Arms Reduction Treaty (Start) I and II.** Signed by the U.S. and the U.S.S.R. in July 1991, Start I provides for the reduction of approximately one third of strategic warheads of both parties, limiting nuclear warheads to 6,000. Under Start II, the U.S. and Russia will reduce strategic warheads to between 3,000 and 3,500 and eliminate land-based missiles with multiple warheads.
- **Treaty on the Non-Proliferation of Nuclear Weapons (NPT).** The cornerstone of the nuclear nonproliferation regime, this multilateral treaty entered into force on March 5, 1970. It currently has 164 parties, including the five declared nuclear-weapons states.
- **weapons of mass destruction (WMD).** Nuclear, biological and chemical weapons.

Russia and its neighbors: U.S. policy choices

- *What role will Russia play in the former Soviet empire? in Western Europe?*
- *How important is the military in the new Russia?*
- *Should the U.S. attempt to influence events in Russia? in its 'near abroad'?*

ARTICLE SUMMARY

WITH THE COLLAPSE of the Soviet Union, the U.S. is now faced with rethinking its foreign policy agenda. Allen Lynch, an authority on the U.S.S.R. and post-Soviet affairs, addresses the political, economic and military situation Russia now faces, Russia's policies toward the rest of the former Soviet empire as well as U.S.-Russian relations. The author points out that Russians have not yet come to grips with their national identity now that the U.S.S.R. has foundered and some 25 million ethnic Russians live outside of Russia proper. This colors their relations with their "near abroad," the former Soviet republics. Should Moscow treat those relations as domestic or foreign? The identity issue also affects U.S. policy toward the former U.S.S.R. The author cites a number of points the U.S. should consider in shaping future relations with Russia. Should the primary U.S. goal be ideological, promoting democracy? Should the U.S. try to integrate Russia and its near abroad into the Western political and economic system? Should the issue of denuclearization dominate the U.S. agenda? Or should the U.S. place limits on its involvement with the countries of the former Soviet Union now that they no longer pose a serious security threat?

ACTIVITY

Overview

As predicted by the statesman and Soviet expert George F. Kennan in 1947, the dissolution of the Soviet Union has turned one of the strongest powers into one of the weakest. The voluntary breakup of the U.S.S.R., unaccompanied by war, has destroyed the imperial legacy of Russia and the Soviet Union while raising questions about the nature and identity of the new Russian state. The course of action Russia will follow to promote domestic reform and to pursue relations with the other former Soviet republics, home to 25 million ethnic Russians, will have repercussions both inside and outside the country. The stakes are high and, for the U.S. and Western Europe, they raise unsettling questions about the focus and thrust of Russian policy and relations.

What direction will Russia follow as it moves away from its Soviet past? Democracy, free markets and respect for law are elusive, difficult goals to attain, and the country has complex historic, structural, political and economic impediments to overcome. Without the autocratic Soviet apparatus providing structure and defining objectives, Russian political leadership is

struggling to survive and promote its interests. Under these conditions, can the government control the economic and social dislocation that permeates Russian society? Is Russia an ethnic state? Should an autocratic government impose control from the top to maintain social order? Who speaks for society and its goals?

Political reforms, privatization and economic restructuring are moving forward, and, according to some critics, a "Russian miracle" is possible in the foreseeable future. However, many questions regarding political, economic or social issues must be addressed. The Russian military establishment exemplifies the lack of cohesion that exists within the country. Once a first-class military threat, it now possesses little global military power but sometimes acts independently as a spokesperson in foreign matters and domestic affairs. Organized crime has taken root, seizing control of over 40,000 privatized enterprises. Violence and other social disorders are on the rise.

Perhaps the key to the future of Russia and its influence or control in Eurasia lies in the nature of Russian foreign relations. Though no longer a world-class power, Russia's relations with its former fellow republics, with Western Europe and with the rest of the world could overshadow its domestic concerns and influence its political and economic development. By skillfully addressing Russia's attitudes about the near abroad and its special interests there, the U.S. may play a pivotal role in assisting the Russians in their attempts to institute political and economic reform. The U.S. can let Russia know that it cannot act imperially without serious consequences.

What fundamental changes have occurred in Russia since the dissolution of the Soviet empire? What issues or concerns threaten the progress of the new Russian state toward economic, social and political reform? How will Russians' views of their own identity and their views of their neighbors affect Russian domestic and foreign affairs? Should the U.S. attempt to influence events in the new Russian state and, if so, how much?

Objectives

Upon completion, participants will be able to:

1. Describe how the dissolution of the Soviet Union affected social, political and economic conditions in Russia.
2. Describe Russia's attitudes toward the former Soviet empire and how they may affect future developments.
3. Discuss how the U.S. may influence developments in Russia on a long-term basis.

Materials

Chalkboard, chalk

Time

Approximately 55 minutes

Procedures

Begin the discussion by pointing out the basic principles of the Monroe Doctrine. Explain why the U.S., a new, weak nation facing potential interference from powerful European countries such as England and France, issued such a doctrine. Ask the participants how the doctrine helped to promote the development of the U.S. and its "backyard."

Turn the discussion to Russia in the 1990s. Give the participants 10 minutes to do the following map exercise. Have them study the small map and observe what happened to the Soviet Union in 1989-90. What new nations were formed when the Soviet empire broke up? Then have them study the large map. What other changes have occurred in Eastern Europe since the empire disintegrated (for example, the breakup of Czechoslovakia and Yugoslavia)? Ask the participants why Russians today view the Monroe Doctrine as an object lesson in how a "great power" should behave in its own backyard. Ask them how circumstances surrounding Russia in the 1990s differ from those surrounding the U.S. in 1823. Ask them whether or not these differences strengthen or weaken the case for Russia as it attempts to emulate the doctrine.

Divide the participants into three groups and ask each group to describe conditions and changes that are occurring within Russian society under the following categories: "political," "economic," and "social." After about 10 minutes bring the groups together and lead a discussion concerning the changes they have described and how they will or will not affect the future development of the Russian state. Get them to

state whether or not they believe these problems will affect Russian relations and attitudes with the near abroad and whether or not they believe it will be possible for the Russians to exert influence over the former Soviet empire and in the rest of the world. Ask them what price Russia must pay to do so. Ask them if they consider this to be primarily a foreign or domestic issue within Russian society.

Finally, ask the participants to describe a scenario they believe would be in the best interests of the U.S. concerning political, social and economic developments in Russia. Ask them if the U.S. can use Russian concern and debate over the near abroad to enhance diplomatic influence over the new Russia and to institute a successful, long-term relationship between the U.S. and Russia.

GLOSSARY

- **Baltic states.** Estonia, Latvia and Lithuania. The Baltic states were annexed by the Soviet Union in 1940. Intense nationalism and independence movements surfaced during the Soviet reform period of the late 1980s. All three regained their independence from the Soviet Union in 1991.

- **Bolshevik party.** Formed in 1903 when the Socialist Congress divided into the Bolshevik (majority) party and Menshevik (minority) party. Led by Lenin, the Bolsheviks, a radical Marxist party, overthrew the Provisional Government in the November (Bolshevik) Revolution of 1917 (see Timeline 1917-94), establishing the Council of People's Commissars. In March 1918 the party was renamed the Russian Communist party; in 1952 it became the Communist party of the Soviet Union (CPSU).

- **Commonwealth of Independent States (CIS).** On December 8, 1991, the leaders of Russia, Ukraine and Belarus declared the U.S.S.R. ceased to exist and formed the CIS, a loose federation, to replace the union. The CIS currently has 12 members: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

- **corporatist state.** A political system in which the principal functions, such as banking, industry, labor and government, are organized as corporate entities, each of which exercises total control over its particular sector.

- **de Gaulle, Charles.** French general and statesman, the first president of the Fifth Republic (1959-69), De Gaulle became a symbol for the French Resistance to the Nazis during World War II. De Gaulle sought to reestablish France as a world power, revitalizing the economy and developing a nuclear-weapons program (see Topic 2).

- **Gorbachev, Mikhail S.** Leader of the Soviet Union from 1985 to 1991, Gorbachev instituted unprecedented economic and political reforms, including *perestroika* (restructuring) and *glasnost* (openness). Winner of the 1990 Nobel Peace Prize, the embattled Soviet president resigned on December 25, 1991.

- **gross national product (GNP).** The measure of a nation's total output of goods and services in a given year.

- **Hitler, Adolf.** Chancellor (prime minister) and self-proclaimed *Führer* (leader) of Germany from 1933 to 1945, Hitler was one of the most heinous dictators of the 20th century. A fanatical believer in the superiority of the so-called Aryan race (which he termed the master race), Hitler sought to take over Europe and to exterminate Europe's Jews and other minorities. Facing defeat in World War II and increasingly isolated, Hitler committed suicide on April 30, 1945.

- **Monroe Doctrine.** Announced in 1823 by U.S. President James Monroe, the doctrine served to put Europe on notice that the Americas were no longer open to colonization and intervention by European powers.

GLOSSARY (cont.)

- **Nazi Germany.** Nazism was an ideology and a political movement that arose in Germany in the 1920s under Adolf Hitler and prevailed in the country from 1933 to 1945. Violently anti-Semitic, Nazism stirred intense German nationalism, elevated the so-called Aryan race above all others and advocated the unification of all German-speaking peoples. The disintegration of Nazism came with Germany's defeat in World War II in 1945.
- **North Atlantic Treaty Organization (NATO).** Military alliance established in 1949 aimed mainly at protecting Western nations from the Soviet bloc. (The Warsaw Pact was established in 1955 as the Soviet-bloc counterpart to NATO. The pact formally disbanded in 1991.) Formed in response to the perceived hostility of the Soviet Union, NATO currently has 16 member nations and is searching for a proper role in the post-cold-war world.
- **Ottoman Empire.** A major Muslim power, the Ottoman Empire began its expansion in the 13th-14th centuries, controlling southeastern Europe, the Middle East and North Africa. Under the reign of Suleyman the Magnificent (1520-66), the Ottoman Empire reached the peak of its power and wealth. The empire then slowly disintegrated; at the end of World War I its possessions became separate states and its center was reorganized as the republic of Turkey.
- **Roosevelt Corollary.** In 1904, U.S. President Theodore Roosevelt added a corollary to the Monroe Doctrine that justified U.S. intervention in Latin America in order to prevent European intervention.
- **Union of Soviet Socialist Republics (U.S.S.R.).** Created in 1922, the union consisted of 15 republics: Armenia, Azerbaijan, Byelorussia, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan, and held strong control of six Communist countries in Eastern Europe. Seven leaders ruled the U.S.S.R., beginning with Vladimir I. Lenin in 1918 and ending with Mikhail S. Gorbachev in 1991. Formerly a superpower adversary in a cold war with the U.S., the U.S.S.R. broke up in 1991. Twelve of the former republics are now members of a loose federation, the Commonwealth of Independent States. (The Baltic states regained their independence in 1991.)
- **Weimar Germany.** The democratic government which was formed shortly after Germany's defeat in World War I in 1918 and lasted until the appointment of Adolf Hitler as chancellor in 1933. Severely handicapped by political and economic problems after the war and by the Great Depression, Weimar Germany succumbed to Hitler and Nazism.

Middle East: lasting steps to peace?

- *How will Israel and its Arab neighbors resolve their remaining differences?*
- *What can be done to halt extremist activities that threaten peace in the area?*
- *Should the U.S. provide troops to monitor peace in the Golan Heights?*

ARTICLE SUMMARY

THE ARAB-ISRAELI struggle that led to a century of conflict in the Middle East has been transformed in the past few years. The Israeli government and its longtime antagonist, the Palestine Liberation Organization (PLO), have now acknowledged each other's legitimacy and have made a commitment to negotiate rather than fight over future relations. In 1993 a process expected to take five years began to restore self-government to Palestinians in the territories Israel had occupied in the 1967 war. Whether this will lead to Palestinian statehood is not clear. The article profiles the occupied territories—the Gaza Strip, the Golan Heights and the West Bank. It also assesses Israel's relations with neighboring Arab states, including Jordan, Syria and Lebanon, that are critical to Israel's security. The U.S. role in the peace process is also discussed. The way to the Israeli-Palestinian agreement of 1993 was paved by the Camp David accords of 1978 and the Madrid Conference of 1991. The present focus of U.S. diplomacy, and a key to further progress, is an agreement between Syria and Israel over the Golan Heights. The article examines policy options facing the U.S., including how closely it should work with Syria, whether it should be willing to provide forces to monitor peace on the Golan Heights, and whether and under what conditions it should support Palestinian statehood.

ACTIVITY ONE

Overview

The struggle between Jews and Palestinians in the Middle East has been driven by hatred and filled with bloodshed. It has been a battle between enemies who have suffered greatly in recent years; each has proclaimed the righteousness of its cause while minimizing or ignoring the agony or grievances of the other side. Both cite historic, cultural and religious precedents to bolster their claims to the disputed land they call home, which until recently they have been unwilling to share or divide.

Controversy in this century over a Jewish homeland developed under the conflicting policies of Britain on its mandate in Palestine. During World War I Britain had endorsed the Zionist desire for a homeland in Palestine but had also promised to create an Arab state from lands controlled by the Ottoman Empire. Between 1918 and 1939, thousands of Jews migrated to their homeland. Arabs in the region revolted, protesting that Britain had reneged on its promise to support their right to self-determination. To quell Arab hostility during World War II, Britain announced that it would end its mandate in 10 years and restricted Jewish immigration. After World War II, Britain turned the problem over to the United Nations, which passed a resolution partitioning Palestine into independent Arab and Jewish states. Jews

accepted the resolution, Arabs did not. The state of Israel was created, but Palestinians and their Arab allies vowed to destroy the new country and retake the land. After defeating Egypt, Jordan and Syria in the six-day war in 1967, Israel expanded its territory beyond its original boundaries into the Sinai Peninsula, the Gaza Strip, the Golan Heights and East Jerusalem. Palestinians, led by the PLO, vowed to continue the struggle to destroy Israel and to create a Palestinian homeland. The U.S.-Soviet rivalry and the West's interest in preserving access to the region's petroleum made the Middle East a major cold-war arena.

The first significant move toward a peaceful accommodation between Israel and its neighbors began with the Camp David accords (1978) between Israel and Egypt. Along with Egyptian recognition of the state of Israel in exchange for the return of the Sinai, the parties agreed on a process to resolve the Palestinian question. While this commitment was never honored, Camp David nevertheless represented a breakthrough. Israel had traded land for peace and had indicated a willingness to address Palestinian grievances.

The next important step in the peace process began after the Persian Gulf war in 1991. Since World War II, the U.S. has played an important role in the Middle East. It recognized the state of Israel in 1948, hosted and supported the peace process at Camp David and has been granting $5 billion in aid to Israel and Egypt annually since the agreement. The U.S. pushed for new initiatives at the Middle East peace conference in Madrid in 1991. These led to the historic agreements between Israel and the PLO in 1993 and Israel and Jordan in 1994. Thus Palestinians, Jordanians and Egyptians have come to peaceful terms with Israel, and Palestinians in the Gaza Strip and Jericho on the West Bank have begun to administer most of their own domestic affairs. An accord may be reached between Israel and Syria over the Golan Heights. However, analysts argue that the time for accommodation is running out because in the next year or so the present leaders may be replaced by ones less willing to compromise.

Many complex difficulties still remain between Israel and the Palestinians. Important issues such as security affairs, economic development, Palestinian statehood, Jewish settlements, refugee problems, the status of East Jerusalem, water rights, political extremism and hatred, among others, must be addressed. After years of conflict and hatred, resolving these differences will not be easy.

Will the peace process continue in the Middle East? How will Israelis and Palestinians resolve their remaining differences? Is an Israeli-Syrian accord likely?

Objectives

Upon completion, participants will be able to:

1. Describe the major issues dividing the Israelis and Palestinians as they explore the peace process.
2. Compare the different perspectives and aims of the two sides concerning the resolution of these issues.
3. Discuss methods that will help the two sides resolve their differences and achieve peace.

Materials

"Handout on the Middle East" (see page 38), chalkboard, chalk

Time

Approximately 55 minutes

Procedures

Begin the discussion by asking the participants what they would regard as extreme behavior on the part of individuals in defense of their ideals or beliefs. Ask them if they would personally subscribe to such behavior. Ask them if they would be willing to sacrifice their own lives or the lives of their families and friends in order to protect or promote something they believe to be extremely important to their existence. Get them to explain when, if ever, they would compromise or modify their beliefs.

Ask them what they believe to be extreme behavior on the part of states in defense of their ideals or beliefs. Ask them if there is a difference between extreme measures employed by a state as opposed to an individual. Get them to explain when, if ever, a state should be willing to sacrifice the lives of its citizens for something it believes is extremely important to its existence. Ask them when, if ever, a state should compromise or modify its beliefs in order to avoid extremism.

Briefly describe the dispute between the Israelis and Palestinians. Describe the peace process and explain some of the major agreements that have been made. Point out some of the violent events that have occurred in recent times and ask them how these incidents will affect the peace process.

Divide the participants into two groups, one representing the Palestinians, the other the Israelis. Distribute the "Handout on the Middle East." Ask them to work within their groups to develop solutions to the problems listed on the handout that will best serve the interests of the group they represent. Give them approximately 20 minutes to complete this task.

Call them back together and ask them to describe the solutions they devised for the problems listed. Summarize the views of each group on the chalkboard under the headings "Israeli proposals" and "Palestinian proposals." Ask them to compare the various proposals. Ask them which proposals on any given issue are similar. Then ask them which proposals are far apart on any given issue and have them explain the major differences. Ask what can or should be done to resolve the differences or to narrow the gap between them. Ask them how differences could be resolved through compromise. Ask them if they believe this will occur during the peace process.

End the discussion by asking them to predict the order in which these problems will most likely be resolved during the peace process and to estimate how much time this will take. Turn once again to the question of extremism and ask them what extremist influences or events are most likely to occur that may disrupt the peace process. Ask them if anything can be done to curtail or prevent these extremist influences.

ACTIVITY TWO

Overview

The relationships between Israel and its Arab neighbors have been fraught with distrust and hostility. Violence has often accompanied the economic and political disruptions that stem from the Palestinian question. Religious, cultural and political differences between Jews and Arabs have added to the pain and suffering felt throughout the region. The dispute between the Palestinians and Israelis over land has caused numerous incidents of threats, terrorism, war and migration in the region.

Arab nations uniformly have regarded Israel as an interloper that had seized Arab land. The displacement of hundreds of thousands of Palestinians from their homes and relocation in neighboring states have caused economic and security problems for the host countries.

Emerging Arab nationalism and pride required a response. As a result, a series of wars were fought against Israel to show solidarity with the Palestinian cause. Israel's Arab neighbors paid the higher price for these actions. They lost territory to a hated enemy and were forced to accept demoralizing military defeats and to reevaluate their support for the Palestinian cause. Palestinian support for Iraq when it invaded Kuwait in 1990, in addition to antagonizing the U.S., caused still more adjustment and reevaluation among these nations.

Israel also began to reevaluate its position. As it triumphed on the battlefield, concern about state and internal security gave way to confidence and assertiveness about the control and development of new territory. Israel believed that the Palestinian problem could be effectively managed and dissent subdued. Eventually, like its Arab neighbors, Israel began to change its attitude as the strain and tensions of continued violent confrontation and civil unrest took their toll on the state. The *intifada* (uprising) and the rise of more-extreme groups such as Hamas compelled many Israelis to think in more-conciliatory terms about the Palestinians and their neighbors. Many Israelis favored a more strenuous effort to break the stalemate and make peace. This led to secret negotiations between Israel and the Palestinians in Norway that culminated with an accord signed in Washington, D.C., in 1993. A major step toward a general, comprehensive peace had been taken.

Movement in the peace process has continued. In October 1994 Jordan joined Egypt in reaching accommodation with Israel. Despite protests and sometimes violent reactions from many sides, since 1991, discussions concerning the Golan Heights, Lebanon, water from the Jordan River, relations with moderate Arab nations such as Kuwait and Saudi Arabia, and other matters have been moving forward.

How have changing events and attitudes enabled the Arabs and Israelis to negotiate a general peace in the Middle East? What steps are necessary for this process to continue? What must both sides avoid in

order to ensure that the peace process will endure? What role should the U.S. play at this time in order to promote continued success in this process?

Objectives

Upon completion, participants will be able to:

1. Explain how constant strife, disagreement and warfare have affected Arab and Israeli relations in the Middle East.
2. Describe why Israel and its Arab neighbors in recent years began to change their attitudes and approaches toward one another in order to resolve their differences.
3. Explain what else must be done, including by the U.S., in order to ensure that the movement toward a general peace in the Middle East will continue.

Materials

Chalkboard, chalk

Time

Approximately 55 minutes

Procedures

Begin the discussion by reviewing the conflict and violence between Arabs and Israelis that existed in the Middle East prior to the exploratory talks in Madrid in 1991. Point out how the Madrid conference and similar meetings were the first at which Egyptian, Israeli, Jordanian, Lebanese, Palestinian and Syrian representatives sat down together and discussed their ideas about a general peace. Ask the participants to evaluate the success of new efforts by reviewing the agreement between the PLO and Israel in Washington, D.C., in September 1993, and the peace treaty between Jordan and Israel in October 1994. Ask them why, after all the violence and hatred between Israel and its Arab neighbors, these important breakthroughs occurred when they did. Ask them what had to be overcome or changed from the past in order for these bitter enemies to attempt to bring about an end to years of active and undeclared warfare.

Turn the discussion to Israel's relations with Syria and Lebanon. Give them 20 minutes to outline the major problems or issues that exist between Israel, Syria and Lebanon. Ask them to propose solutions to these problems that both sides might be willing to accept. After they have completed these tasks, have them describe the issues or problems and outline their responses on the chalkboard. Turn the discussion to their ideas about resolving these problems. Be sure to ask them what they believe must be done in order to accomplish their goals and what effect, if any, previous agreements made between Israel, Egypt, Jordan and the PLO will have on this process. Ask them what effect, if any, future agreements between Syria, Lebanon and Israel would have on previous Israeli agreements with Jordan, the PLO or Egypt. Ask them if they believe that the process of making peace between Israel and its neighbors becomes easier or more difficult as more agreements are reached.

Turn the discussion to the role the U.S. has played. Describe the efforts made by the U.S. to start the Madrid talks and the support the U.S. offered for the accords between the PLO, Jordan and Israel. Ask the participants why the U.S. should or should not continue to play a similar role in negotiations between Israel, Syria and Lebanon. Ask if any other state or organization should play a leading role in the process.

End the discussion by asking for their prognosis concerning the probability of success or failure of the Israel-Lebanon-Syria peace negotiations. Ask them what outside events or ideas may influence the process the most. Ask them how soon they believe the process will be completed.

GLOSSARY

- **Camp David accords.** Popular name for the treaty resulting from the 1978 peace talks between Egypt and Israel at Camp David, Maryland. The treaty, signed March 25, 1979, provided for Israel's return of the Sinai to Egypt and Egyptian recognition of Israel.
- **Hamas.** Violent Islamic movement that gained notoriety during the *intifada* (uprising) against Israel in the occupied West Bank and Gaza Strip. Hamas opposes all compromise with Israel and demands an end to the Jewish state.
- **Labor party.** An Israeli political party founded in 1968. It has a socialist orientation and promotes the separation of religion and state. Under the Labor party's leadership, Israel negotiated a settlement with the Palestinians and Jordan, and supported peace in exchange for territory.
- **Likud bloc.** A coalition of conservative Israeli political parties established in 1973. The Likud is a strongly nationalist, rightist group of parties, which advocates a Jewish state in all of biblical Palestine, including the West Bank and the Gaza Strip. Likud has opposed negotiations with the Palestinians.
- **Mecca.** The birthplace of the prophet Muhammad (born A.D. 570) and perpetual shrine of Islam. Devotees everywhere turn to face this holy city to perform the ritual prayer.
- **Medina.** Place where the prophet Muhammad moved in A.D. 622 and an Islamic holy city.
- **Nazis.** See Glossary, Topic 3.
- **Ottoman Empire.** See Glossary, Topic 3.
- **Zionism.** Derived from Zion, which was one of the biblical names for Jerusalem. A Zionist is a person who believes the Jewish people consitiute a nation and have a right to return to their ancestral homeland in Palestine.

Global finance: America's role and stakes

- *Can the IMF and World Bank help integrate emerging economies into the global market?*
- *What actions can the U.S. take to increase the dollar's stability and attract foreign investment?*
- *Can the IMF and World Bank function in a more cohesive manner?*

ARTICLE SUMMARY

For the past 50 years, the U.S. has played the leading role in international financial markets. At the end of World War II, the U.S. helped create the International Monetary Fund (IMF) and the World Bank to promote growth and currency stability. Through private and public funding, the U.S. grew to be the world's largest creditor and direct investor in less-developed countries. In the past 20 years, however, the relative role of the U.S. has declined, and its ability to compete in the global market has decreased. Once the world's largest creditor, the U.S. is now its largest debtor. With foreign currencies and securities yielding higher returns, Americans are investing more abroad that ever before. Consequently, the U.S. economy has become increasingly interdependent with the global economy. The author examines the changing global financial system, and prescribes a series of steps the U.S. should consider to strengthen its position. These include increasing its domestic savings, improving its attractiveness to domestic and foreign investors, and strengthening cooperation among its major trading partners to reduce currency volatility and misalignments. It must also bring up to date the central financial institutions of the global economy—the World Bank and IMF. Because developing nations and those in transition to the market system are playing a greater role in the world economy, institutions that do not reflect their needs and smoothly integrate them into the global economy will become irrelevant to the world's financial requirements.

ACTIVITY

Overview

Several important changes have been made in the world's financial structure since the World Bank and the IMF were set up to manage and influence global economic affairs immediately after World War II. Created to help avoid the crushing economic legacy of the period between the two world wars, which was characterized by protectionism, financial turbulence, the Great Depression and high unemployment, the Bretton Woods conference in 1944 established the rules and institutions for a new international finance system. Along with the General Agreement on Tariffs and Trade (GATT), which was formed in 1947, the World Bank and the IMF created a more open system of international commerce and a more stable system of international payments. In the first two decades, the World Bank lent large sums for the recovery and stability of war-devastated economies in Western Europe.

The system of fixed-but-adjustable exchange rates, which was pegged to the U.S. dollar's convertibility into gold at $35 per ounce, collapsed in the 1970s.

Since then the U.S. dollar, while still the major instrument for international transactions, has no longer been convertible into gold. Sharp increases in oil prices in the 1970s caused oil-producing countries to accumulate petrodollars, which they invested abroad. Shortages in savings along with massive trade deficits led the U.S., traditionally a creditor, to borrow large amounts of capital from abroad.

Capital flows out of the country have grown greatly over the last few decades, as increasing numbers of Americans have begun to invest abroad. New players, such as commercial banks, mutual funds, insurance companies and pension fund trustees, no longer operate solely in national markets. These new ventures into global financial markets, trade, currency transactions and cross-border transmissions of information and funds accentuate the need to reexamine national and international economic policies.

In recent decades the World Bank has refocused its efforts on assistance to less-developed economies. In addition to support for development of public infrastructure, financial and technical support for agriculture and education, as well as debt restructuring and helping the development of market economies, the Bank now plans new approaches and reforms to enable it to assist with domestic reforms that promote broad-based growth and reduce poverty. In addition, the Bank seeks to expand assistance in family planning, nutrition, health and education, as well as environmentally oriented projects. Much of its activity will be directed toward entrepreneurial development coupled with support for institutional reforms within societies, which will enable new talent to emerge.

The IMF seeks to improve dialogue among and offer advice and consent to economic superpowers as well as developing nations. In response to criticism, the IMF has given greater attention to the social consequences of its policies, including its efforts to improve the creditworthiness of developing countries.

How will the globalization of markets affect world economic prospects? How should the industrialized nations respond to new global conditions? How can the World Bank and the IMF contribute to changing economic relationships? What role will events inside and outside the U.S. play in this drama?

Objectives

Upon completion, participants will be able to:

1. Discuss the Bretton Woods system and explain why it no longer is able to deal effectively with changing global economic conditions.
2. Describe how individual entities and nations have become more closely interconnected in world trade and finance.
3. Describe how recent global trends in trade, investment and finance affect the World Bank, the IMF and the economic outlook of various nations, including the U.S.

Materials

"Handout on International Finance" (see page 39), chalkboard, chalk

Time

Approximately 55 minutes

Procedures

Begin the discussion by pointing out three disturbing economic trends that have recently plagued Americans, namely: the accumulation of large private and corporate debts, a large national debt and significant trade deficits. Ask how the lack of savings by Americans, coupled with large national debts and a significant trade deficit, affects the U.S. economy. Get participants to determine how and where the U.S. gets the funds it needs to finance its debt, manage its trade deficit and promote economic activity. Ask them how they think this kind of economic management affects confidence in the U.S. and its economy abroad. Ask them what changes or reforms the U.S. should make to manage these problems. List the reforms or changes they discuss on the chalkboard.

Divide the participants into four groups: "Advanced Nations," "Emerging Nations," "Nations Converting from Communism to a Free-Market Ecomony," and "Less-developed (Poor) Nations." Distribute the "Handout on Global Finance." Ask them to create an economic profile of their group and to identify several nations—omitting the U.S. —that they believe belong to their particular group. Give them about 15 minutes to complete this task.

Bring them back together and ask them to summarize what they have determined about the economic problems and outlook for their particular group of nations. Outline their responses on the chalkboard, making sure that the representative nations they suggested are also listed. After each group has summarized its position, lead them in a comparison of conditions and problems between the groups. Ask them in what ways these conditions or problems are interrelated, if any.

Briefly describe the Bretton Woods system. Referring to the notes on the chalkboard, ask the participants which of the problems and conditions previously described were primarily responsible for the destruction of the Bretton Woods system. Ask them what actions or ideas the IMF and the World Bank should embrace to improve economic conditions and prospects for each of the groups. Ask them if they believe these actions or ideas will or will not be in the best interests of the U.S. and why they will or will not help the U.S. deal with the three trends identified at the beginning of the discussion. Ask them what role or position the U.S. should take with the IMF and the World Bank.

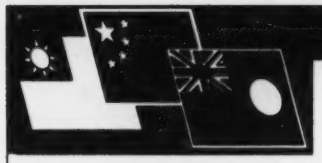
End the discussion by asking them to explain why they believe it is or is not possible for the U.S. to solve its debt and trade problems within the framework of the issues and ideas they have discussed. Ask them to predict the degree of success they believe the U.S. will achieve in carrying out national economic reform, and what they believe will be the consequences for the U.S. and the global economy.

GLOSSARY

- **bond.** Written promise to pay a specified amount of money, the principal, at a certain future date or periodically over the course of the loan at a fixed interest rate.
- **Bretton Woods system.** System of international trade and finance policy established at a conference held in Bretton Woods, New Hampshire, in 1944. Bretton Woods established the postwar international monetary system of fixed exchange rates. Currencies were valued in relation to the U.S. dollar, which, in turn, was fixed to the price of gold at $35 an ounce. The system lasted until 1971 when President Nixon announced the U.S. would no longer fix its currency to gold. Since then, a floating exchange rate system has prevailed in the large developed countries (e.g., U.S., Japan, much of Europe, and Canada).
- **capital gains tax.** Tax on that portion of personal income earned through the sale of such capital items as stocks, bonds and real estate.
- **consumption-related taxes.** Taxes placed on goods; for example, sales taxes.
- **debt rescheduling.** Changing the terms of debt repayment to make it easier for the debtor to make interest payments with less economic hardship.
- **depreciation.** A decline in the exchange rate of a country's currency. In economies with a floating exchange rate, the exchange rate is determined by the international market demand for the domestic currency. If, for example, the Deutsche mark were to become more profitable to hold than the dollar, demand would increase, and other currencies would depreciate in relation to the appreciation of the D-mark.
- **devaluation.** Lowering the value of a nation's currency (usually done by the government) relative to the currencies of other nations.
- **Eurodollars.** Claims to U.S. dollars held by banks, businesses and individuals outside of the U.S., which are redeposited and circulated in banks outside of the U.S.
- **European Monetary System (EMS).** Currency association formed in 1979 by European Economic Community members (now referred to as the European Union), in conjunction with the establishment of the European Monetary Fund (EMF), to establish a narrow exchange rate band to contain fluctuations of member exchange rates. In 1991, European members signed the Maastricht Treaty to complete economic integration by establishing a single currency and a European central bank. When attempting to abide by it, however, both Britain and Italy found they could not maintain their currencies in the band, in the face of the high interest rate of the Deutsche mark. Consequently, in 1993 they both pulled their currencies out of the band while Portugal and Spain sharply depreciated theirs.
- **exchange control.** Restrictions by a government on international capital movements. The government of a less-developed country, for example, can restrict the amount of foreign exchange available to its people and, in so doing, restrict their ability to buy imports or foreign stocks.

GLOSSARY (cont.)

- **foreign direct investment.** Investment abroad usually by transnational corporations involving an element of control by the investor over the corporation in which the investment is made. For example, much U.S. direct investment takes the form of investment in overseas subsidiaries of U.S. business firms (e.g., Coca Cola).
- **global trade barriers.** Such things as tariffs, quotas, and import controls imposed by a country that wishes to protect its home market from foreign competition. The purpose of the General Agreement on Tariffs and Trade (GATT), established in 1947, was to lower trade barriers and promote trade. Its functions were taken over in January 1995 by the World Trade Organization.
- **gross national product.** See Glossary, Topic 3.
- **import controls.** Tariffs, duties and other restrictions placed on the importation of goods and services from abroad. Countries use import controls to protect against foreign competition.
- **income distribution.** Manner in which personal income (salaries, investments, etc.) is distributed among the various income groups in a nation.
- **inflation.** A persistent rise in the cost of goods.
- **infrastructure.** Foundation on which a nation's economy depends. Examples of what constitute infrastructure are roads, railroads, ports and power facilities.
- **International Bank for Reconstruction and Development (World Bank).** International organization originally intended to assist with the reconstruction of war-torn economies. The World Bank was established at Bretton Woods in 1944. Along with the IMF, the World Bank provides long-term financial assistance for development projects and programs.
- **International Monetary Fund (IMF).** International institution based in Washington, D.C., and created under the Bretton Woods system for the purpose of 1) seeing that nations follow a set of agreed rules of conduct in international trade and finance; and 2) providing borrowing facilities to nations facing balance-of-payments deficits. The IMF gets its funds from reserve deposits of its member countries.
- **market-oriented reforms.** Reforms designed to introduce profit incentives and the principles of supply and demand into economic transactions.
- **nongovernmental organizations (NGOs).** National and international private foundations and voluntary associations usually designed to deal with specific issues or areas of concern. NGOs devote their efforts and resources to addressing or influencing national or international problems.
- **trade balance.** The relationship between exports and imports of goods. It does not include capital transactions or payments for services. If the level of exports is equal to the level of imports, trade is equal, or balanced. If a country imports more than it exports, it has a trade deficit. If it exports more than it imports, it has a surplus.
- **yield.** The rate of return derived by dividing the annual return from an investment by the amount of the investment. For instance, a $10,000 investment in common stocks that pays $500 in annual dividends (earnings) yields 5%.



China, Taiwan, Hong Kong: U.S. challenges

- *What direction will China take after the death of Deng Xiaoping?*
- *Should the U.S. link human-rights issues in China to trade?*
- *What is the outlook for increased U.S. trade with a 'Greater China'?*
- *Can free enterprise succeed under a Communist government?*

ARTICLE SUMMARY

FORTY-FIVE YEARS have passed since the establishment of the People's Republic of China (PRC). The country, with its 1.2 billion people—a fifth of the globe's population—has emerged as a vigorous contender among the world powers. For the last 13 years, its economic growth rate has exceeded 9%. The country has made major strides toward a market economy. Foreign capital has been wooed and foreign investors have flocked to China's special economic zones. What does the future hold for China after the current leader, Deng Xiaoping, who is 90 and in poor health, leaves the scene? Will economic liberalization and China's integration into the international economic system continue? Will China move toward a military state, which uses its strength to project its power? Or will China fragment? A subsidiary set of issues concerns two ethnically Chinese entities: Hong Kong, which will cease to be a British colony in 1997, and the booming island economy of Taiwan. How should the U.S. respond to the emergence of a more vigorous China? And how will that affect U.S. relations with Taiwan and Hong Kong?

ACTIVITY ONE

Overview

No one can reasonably predict what the People's Republic of China will be like at the beginning of the 21st century. Napoleon's "sleeping giant" no longer sleeps. Awake and in motion, China is following various paths toward its goals and objectives. Its ultimate choice of direction will have an important effect on its own development, on its neighbors in Asia and on the rest of the world.

The issues China must resolve are of such significance and complexity that they threaten to change the basic structure of the state. Questions have and will continue to be raised about what kind of society China should be. The ultimate role or influence of such ideas or principles as Marxism, free-market economics, human rights, regionalism, militarism, the welfare state, population control, "Greater China," and world trade and investment, among others, is uncertain under the stewardship of an aging leadership that will soon be replaced. As one era ends, it is not clear what the next will bring: a continuation of the status quo, a nationalist military state or a fragmented country. One thing is certain: China faces many daunting challenges and many difficult choices.

China's economic growth has been spectacular. Whether it can be sustained is the question. Beginning in 1979, the leadership of Deng Xiaoping brought about the loosening of state control of the Chinese economy and a move toward a free-market structure. The country's outstanding economic development has led some analysts to believe that China will be the

world's largest economy very early in the 21st century. Foreign investors have flocked to China. Special economic zones in coastal areas have helped Chinese entrepreneurs achieve astonishing results, contributing to a surge in production, trade and consumption. Improved economic and political ties with Hong Kong and Taiwan have generated investments and other positive economic arrangements for the PRC. Collective farming has been replaced, and grain production has improved as per capita farm income has risen. The percentage of Chinese who live in poverty, without adequate food, clothing and housing, has dropped significantly in merely one decade.

These economic changes have generated forces and created conditions that threaten to disrupt or destroy the state socialist system. There is no longer an "iron rice bowl"—guaranteed food, housing and health services—as state enterprises break down under the new competitive situation. The social order is steadily eroded by unrest brought about by a surplus of workers, rising unemployment, a lack of opportunities for the young, explosive population growth and migration to crowded urban areas. Increases in crime, corruption and inefficiency are further exacerbated by an unwieldy bureaucracy, uneven development, bitter rivalries and factionalism as well as serious regional disputes.

The future direction of China holds many uncertainties. One of the unknowns is the role of the military. The People's Liberation Army helps maintain order, manufactures a wide variety of products and receives income from factories, farms, transportation networks and arms sales. The army could influence the direction in which China will head.

What factors will determine the direction of China? How will new leadership be able to guide this nation? What programs, ideologies or issues will shape the destiny of this rapidly changing society?

Objectives

Upon completion, participants will be able to:

1. Describe and contrast changes affecting the PRC.
2. Explain the difficulty of predicting the future course of this nation.
3. Suggest and evaluate various approaches China may take to develop and maintain its security.

Materials

"Handout on China" (see page 40), chalkboard, chalk

Time

Approximately 55 minutes

Procedures

Divide the participants into six groups representing a) capitalists (entrepreneurs), b) Marxists, c) People's Liberation Army, d) reformers, e) students and youth, and f) workers.

Give them the "Handout on China." Allow them about 20 minutes to prepare a group profile and a strategy for influencing the future of China in their group's best interest. Ask them to be prepared to seek deals or assistance from the other groups in order to ensure the success of their strategy.

After they have completed this work, ask each group to present its vision of what it believes would be best for China. Ask each group what it believes must be done and how it would go about providing the means to carry out its plans. Ask each group which other groups, if any, it would rely on and what accommodations would have to be made to improve the chances for success. Summarize the responses on the chalkboard and, after all groups have finished, ask them to study the scenarios that have been presented and compare them.

After giving them time to form an opinion, ask them which vision they believe is most likely to succeed in China, making sure they cite ideas or information that has been presented by the groups. Try to get them to come to a consensus as to the one or two most likely scenarios.

End the discussion by asking them what additional information they would need in order to have a more reasonable assurance that their scenario will occur. If they have not stated an opinion, ask them what influence other nations will have on China's development, especially in matters of trade, investment, human rights and arms control.

ACTIVITY TWO

Overview

To the rest of the world, the PRC, a populous nation, is a highly visible reminder of many of the world's

concerns in the post-cold-war period. Since its founding in 1949, this revolutionary Marxist state has emerged from desperate poverty, underdevelopment and relative isolation to become a significant factor in world affairs, particularly in economic development, population control, free-market conversion, world trade, human rights, arms control and the future of Asia.

The successes or failures of China's development programs can and will be cited throughout the world, as impoverished nations grapple with similar problems on a smaller scale. The fact that China has adopted free-market remedies for economic growth and development while ostensibly maintaining a Communist political system makes its example even more noteworthy. Of course, part of the reason why the country may or not succeed will rest with its struggle to control a rapidly growing population, a difficulty many countries in the developing world share.

China's economic rapprochement with Taiwan and Hong Kong in coming years could lead to a Greater China. It would become America's third-largest trading partner, an economic powerhouse and a serious rival to other "Asian tigers." The creation of special relationships with Hong Kong and Taiwan could help resolve two difficult situations that have generated friction and enmity between the PRC and its would-be rivals, particularly the difficulties it experienced with the U.S. over Taiwan. China's human-rights record has drawn attention and concern as well in the West. The U.S. has tried unsuccessfully to link human-rights issues in China to trade. Whether this failure to influence China will have repercussions on the protection of human rights elsewhere in the developing world remains to be seen.

The issues of militarism, arms production, particularly nuclear arms and materials, and arms exports concern the U.S. and the nations that share China's borders. While the military power of China is weak in comparison with the U.S., some analysts believe that it may pose a threat to U.S. interests in Asia. The PRC has been upgrading its military capabilities since 1989 by increasing its defense spending. In addition to disputes with Vietnam and India, China has backed North Korea and has helped fuel an arms race between India and Pakistan. Nuclear testing and sales of conventional arms, coupled with fears that a militarily aggressive leadership may be emerging, suggest the possibility of a military threat from China. Certainly the nations of Asia, as well as other parts of the world, will have to watch political and military developments in China with care.

In addition to its world-class economic status, China has grown as a political power. It holds one of the five permanent seats on the UN Security Council. The U.S. must now reassess developments in China to determine what action should be taken in the post-cold-war era. For the U.S., which wishes to promote democracy, capitalism and human rights, increase trade and improve international relations, reduce armaments and halt nuclear proliferation, the creation and management of successful relations with the PRC are important goals.

How should the world approach the PRC? What objectives should be emphasized in dealing with this waking giant? Should economic and social matters be linked to political and military affairs? What role should the U.S. play?

Objectives

Upon completion, participants will be able to:

1. Tell why economic and social development, human rights, armaments and military affairs in China are important issues in the post-cold-war era.
2. Describe ways in which the U.S. and other nations may influence the development of democracy, capitalism and human rights in China.
3. Explain the role the U.S. should play in China's relations with Asia and the world community.

Materials

Chalkboard, chalk

Time

Approximately 55 minutes

Procedures

Begin the discussion by describing the post-cold-war era. Point out how the demise of the Soviet Union has left the U.S. as the world's only superpower and that the U.S. economy is still very powerful in the world.

Then write the following on the chalkboard: "promoting democracy," "free enterprise," "protecting human rights," "controlling nuclear and conventional weapons," "population control" and "improving world trade."

Ask the participants if they believe that the items listed on the chalkboard are important issues in today's world. Ask them whether they believe they are important enough for the U.S. to promote them actively throughout the world. Ask them how this could benefit the U.S. and the world.

Turn the discussion to the PRC. Describe how the Tiananmen Square events shocked the world and point out that China is a Communist state that could embrace new authoritarian measures and reverse ecomonic reforms after the old guard is gone. Ask them if they believe this would present a serious threat to the U.S., Asia or the world. Ask them if the U.S. can or should do anything to prevent this and to promote continued movement toward reform and liberalization in China. Ask them if the U.S. should rely on economic incentives to influence China. Ask them specifically why they believe the U.S. would or would not be wise to use trade relations as a means to influence China's human-rights policy.

Ask them why China's military policies have generated concern in Asia and the U.S. Ask them to describe specific policies or actions by China that could be perceived as a threat. Get them to explain why China's military could pose a threat to developments within China as well. Ask them what efforts the U.S. may be able to make to diminish the importance of China's military in domestic and international affairs. Ask them what initiatives should be taken to affect China's nuclear role in the world. Again raise the question as to whether or not the U.S. should use economic incentives to influence China in these matters.

Ask why China's permanent membership on the UN Security Council could be an important factor in influencing how the U.S. deals with the PRC on many issues. Ask them how China's position at the UN may influence its actions and its reactions to U.S. policy initiatives in the future.

End the discussion by asking them if they would agree or disagree with a statement that many of the global issues that are important to the U.S. in the post-cold-war era seem to involve China. Ask them if they believe U.S. success or failure in meeting these challenges in China will have an effect on U.S. initiatives in other parts of the world.

GLOSSARY

- **authoritarianism.** A political system in which power is concentrated in the hands of a leader or group who is not responsible to the people or responsive to the popular will.
- **Human Rights Watch.** A U.S.-based international organization composed of five regional offices that is concerned with monitoring and promoting the observance of human rights.
- **Mao Zedong (1893-1976).** Chinese Communist leader; president of first Chinese peasants' union (1927). After defeating the Nationalists in China's civil war in 1949, Mao founded the PRC. He remained chairman of the Chinese Communist party until his death in 1976.
- **Solidarity movement.** Led by Lech Walesa, the movement originated in 1970 and grew out of demonstrations by the confederation of Polish independent trade unions against severe economic hardships under the Communist regime. The movement grew through the 1970s and represented, at its peak, more than 10 million industrial workers. It was banned by the government in 1981 but legalized in 1989. It successfully fought for national elections and played a major role in ending Communist rule in Poland.

Immigration: an end to open doors?

- *Can the U.S. close its doors to immigration?*
- *Should the U.S. deny benefits to illegal immigrants?*
- *Is it in the interest of the U.S. to provide asylum to religious and political refugees? economic refugees?*

ARTICLE SUMMARY

As populations in the developing countries grow and economies and resources in them decline, more and more people are making their way to the richer, more-industrialized countries. The major sources of immigrants to the U.S. in recent years have been the Caribbean, Mexico and South America. In addition to immigrants, in 1994 refugees from oppression and economic privation in Haiti and Cuba tried to reach U.S. shores. At the same time, North Africans and East Europeans are flocking to Western Europe. The article looks briefly at the conditions that push people to emigrate and at the reactions of destination countries in Western Europe, especially Germany. It also examines the evolution of U.S. policy toward immigrants and discusses the current choices facing U.S. policymakers. Should the U.S. try to seal its borders? Are immigrants beneficial or detrimental? To what rights and benefits should immigrants be entitled? Should illegal immigrants receive any benefits? Ready answers are elusive, but examining the situation in the U.S. and some of the other recipient countries may provide some insight.

ACTIVITY

Overview

One indication of the global disorder and uncertainty that exist today is the worldwide movement of thousands of immigrants seeking to start a new life in another land. This phenomenon can be found in every region of the world. Since the early 1980s there has been a steady increase in the number of countries where significant numbers of people have chosen to exercise their internationally recognized legal right to leave one nation for another in order to find a better life.

This movement involves many factors: some "pull," some "push." The pull factors that attract immigrants include opportunities for employment or better living standards and relatives or communities of fellow countrymen in the chosen country who can ease the transition and offer support. Some societies even welcome the highly trained, well-educated immigrant for political as well as economic reasons.

For other immigrants, push factors, including economic hardship, social upheavals, serious civic disorders and regional, ethnic and religious conflicts, carry more weight. These elements have increased in intensity as the cold-war world order dominated by two superpowers has faded. Harsh political repression and persecution are still other reasons for departure. Thus the world has witnessed the migrations of Haitians, Cubans, Salvadorans, Algerians, Egyptians, Palestinians, Chinese, Vietnamese, Yugoslavians and Russians, among others, to neighboring states or other areas perceived to be safe or full of opportunity.

Just as increasing numbers have seen fit to exercise their right to migrate, the number of nations exercising their equally recognized right to refuse entry to migrants or refugees has also been rising. Several reasons, beyond the sheer number of migrants, account for this development. In the past, many of the advanced nations welcomed immigrants. Aside from humanitarian and ideological concerns centering on the cold war, industrialized nations sought workers to fill jobs that native workers would not take. During times of prosperity and expanding economies, countries accepted immigrants more readily. However, in periods of economic downturn when the need for unskilled workers diminished, concerns about the social and political effects of embracing large numbers of poorly educated or underskilled outsiders grew. Anti-immigrant sentiment led to legislation, discrimination, even violence, as nations attempted to narrow or close the doors of opportunity.

The U.S. is one of the industrial nations where anti-immigrant sentiment is on the rise. Growing numbers of Americans are worried about how the large influx of recent immigrants, legal and illegal, will affect jobs, the cost of social services and taxes. They are also concerned about the effect of multiculturalism on American society and its values. Recent initiatives such as Proposition 187 in California and the 1994 crime bill in the U.S. Congress have been examples of citizen backlash.

While much of this concern is directed against illegal immigrants, some are calling for a moratorium on all immigration. They argue that the U.S. no longer needs large numbers of unskilled workers and that there are too many people entering an already crowded country.

This anti-immigrant backlash in the U.S., a nation of immigrants, is not unprecedented. Periods in which similar sentiments were expressed abound in U.S. history. In general, the most recent arrivals must overcome the greatest resistance or prejudice in order to find a place and be accepted in American society. What may be different today is the changing structure of the economy in post-industrial America, coupled with the demographic mix of the more recent immigrants—i.e. a greater influx of Africans, Asians and Caribbean peoples. Americans may have reached the point where they want to close the doors—if only temporarily—to all immigrants.

How will increasing immigration affect countries? How should nations deal with it? How should the U.S. react to immigration at home and abroad? What role should the U.S. play in trying to deal with this phenomenon?

Objectives

Upon completion, participants will be able to:

1. Tell why immigration has increased significantly around the world in recent years.
2. Explain why the U.S. and other industrialized nations have recently begun placing restrictions on immigrant groups.
3. Discuss the steps to be taken for the U.S. and other nations to handle the issue of immigration effectively.

Materials

Chalkboard, chalk

Time

Approximately 55 minutes

Procedures

Begin the discussion by writing the following on the chalkboard:

The U.S. is a nation of immigrants:

a) It must not turn its back on immigrants in the future.

b) Changing U.S. conditions and global patterns of immigration require the U.S. to reduce or halt further immigration, both legal and illegal.

Ask the participants to state which of these statements best serves the domestic interests of the U.S. and why. List the reasons they offer in support of their ideas under the respective statements on the chalkboard.

Ask them if the two positions apply equally to legal and illegal aliens in the U.S. Ask them what they believe the difference is or should be concerning legal and illegal aliens and what, if anything, should be done to manage either group. Ask them if they would prefer to amend or add a different statement to the chalkboard concerning immigrants in the U.S. and make any changes they suggest. Then ask the participants to

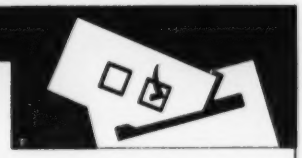
indicate which statement they support by a show of hands. Write the numbers of supporters for each group on the chalkboard.

Turn the discussion to a global perspective on immigration. Ask the participants why so many people are emigrating at the present time and what major global conditions are fueling this increase. Use examples such as Cuba, Haiti, Yugoslavia, Hong Kong, etc. to find out what influence they believe the U.S. or other nations might exercise to ease or turn back immigration. Ask them if a worldwide effort could be mounted and, if so, what sort of policies or measures should be adopted—and by whom—in order to alleviate this problem. Ask them if they believe the U.S. has a special role to play as a "nation of immigrants." Ask them to indicate what they believe the role of the U.S. should be in such an effort and how they believe domestic policy regarding immigrants would or would not affect this role. Ask them if they believe U.S. long-term interests in encouraging democracy, increasing world trade and sponsoring economic development should or could be linked to a domestic policy toward immigrants in the U.S.

End the discussion by asking them to take another look at the positions and arguments on the chalkboard. Ask them why they still maintain the position they held at the time or, if they have changed, to give the reasons why. Ask the group to indicate again which position they hold by a show of hands. Write these figures on the chalkboard and compare them with the previous count. Ask them why they believe their views did or did not change significantly.

GLOSSARY

- **Guantánamo.** U.S. naval base in Guantánamo Bay, Cuba. During the mass exodus of refugees headed for the U.S. from Haiti beginning in 1992 and from Cuba in 1994, it served as a refugee-processing center. Cuba has long contended that the U.S. base constitutes an illegal occupation of Cuban territory.
- **Irish Immigration Reform Movement.** A political lobby of Irish who came to the U.S. in the 1980s as tourists and stayed after their visas expired; aimed at persuading Congress to legalize their status and increase immigration from Ireland. The movement achieved a small success with the passage of the Immigration Reform and Control Act of 1986 and was a force in the passage of the Immigration Act of 1990.
- **Islamic fundamentalist.** A member of a movement that opposes the spread of Western cultures and values in Islamic societies as contrary to the basic teachings of Islam.
- **Jordan Commission (U.S. Commission on Immigration Reform).** Established in 1992, the commission reviews and evaluates U.S. immigration policy and submits recommendations to Congress. Chaired by former Congresswoman Barbara C. Jordan (D-Tex.), the commission has proposed setting up a computerized register of names and social security numbers of all citizens and aliens authorized to work in the U.S. in order for employers to check workers' eligibility.
- **Third World.** Term that refers to economically less-developed countries, most of which gained independence after World War II.
- **United Nations Population Fund (Unfpa).** See Glossary, Topic 1.



Promoting democracy: America's mission?

- *Is it in the U.S. interest to promote democracy abroad?*
- *Do the rights of the individual supersede the needs of society?*
- *Is the U.S. concept of democracy relevant only to the West or has it universal appeal?*

ARTICLE SUMMARY

THE COLLAPSE OF the Soviet Union has compelled U.S. policymakers to reconsider U.S. foreign policy principles and goals, including the role the U.S. assigns to promoting democracy abroad. According to political scientist Michael Doyle, democratic governments are less likely to go to war against each other. Therefore, promoting democracy appears to serve both U.S. ideological and security interests. Is the democracy the West would promote the only model, or do alternatives exist? Does a liberal democratic system go hand in hand with a successful market system, or is one possible without the other? Should the U.S. give priority to expanding Western-style democracy? What commitments would this entail? What are the alternatives? These are some of the issues explored in political scientist Richard Ullman's article.

ACTIVITY

Overview

Whatever doubts may exist about the cost or probable success of a U.S. commitment to the promotion of democracy in today's world, such a goal is consistent with the history and nature of American beliefs and liberal democratic practices. There are some compelling reasons why such a commitment may offer important benefits to the U.S. and to the world.

The U.S., the world's oldest continuous democratic state, has sought reassurance in the companionship of as many liberal democratic states as possible. This policy is important not only to promote U.S. security and advance American economic and political interests but, also, to encourage greater peace and harmony throughout the world.

History shows that democratic states do not go to war against one another. There are several reasons why this is so. Democratic states are transparent. Information on policies or actions a democratic state may be planning to implement is available because of the way these states conduct their political and economic affairs. Thus democratic states are subjected to influences and pressures from both foreign and domestic interest groups. Cross-border ties, common concerns or enterprises, coupled with institutionalized norms of negotiation and compromise, greatly increase the tendency of democratic states to work together to reduce tensions and to ease conflicts that may occur with other democratic societies.

From the founding of the country, Americans have debated the best way to ensure the survival of the U.S. Discussion of foreign policy in early American history centered on questions about how a young, weak U.S. could avoid becoming entangled in the actions and intrigue of European power politics. Since the Spanish-American War (1898), when it acquired the Phil-

ippines, the U.S. has intensified its promotion of democracy and human rights to the rest of the world. Presidents Woodrow Wilson and Franklin D. Roosevelt respectively spoke of "keeping the world safe for democracy" and "the four freedoms," as goals or objectives to guide the combatants of World Wars I and II. Later, during the cold war, the U.S. spoke of the free world, although it often wound up supporting or paying lip service to antidemocratic regimes or actions in its long struggle against the Soviet Union. Today, with the elimination of the Soviet threat and the end of the cold war, the U.S. is the world's only military superpower and the most powerful economy in the world. This presents it with the unique opportunity to further the cause of democracy and, perhaps, bring peace and security to many regions of the world.

There are various ways this may be done. The U.S. can provide technical resources and funds for political development. Assisting nations in constitution-drafting and law-making, creating tax systems, electioneering, organizing free mass media—establishing the infrastructure necessary to a constitutional democracy—can reap many dividends at a much lower cost than military occupation or coercion. Funding for the National Endowment for Democracy (NED) and its four independent subsidiaries provides a means for networking and cross-border ties that are essential to understanding among various peoples.

Concerns can be raised about whether the U.S. can or should impose its own values on others—not to mention the probability of success for these efforts. Cultural differences may work against an American-style democracy, which places a premium on the rights of the individual. Human-rights abuses, new global threats, whether they be environmental, public health, resource depletion or others, along with a lack of sufficient traditions or proper conditions to nurture democratic institutions, can deter the development of democracy and perhaps threaten U.S. security.

What role should the promotion of democracy play in American foreign policy in the post-cold-war era? What means can be used to promote democracy in the world? How will such an effort affect the U.S. and the peace of the world?

Objectives

Upon completion, participants will be able to:

1. Explain why promoting democracy is part of the American approach to foreign policy.
2. Describe why the promotion of democracy may help to create peace and security for the U.S. and the world.
3. Evaluate the chances for success or failure for the spread of democracy in the post-cold-war era.

Materials

Chalkboard, chalk

Time

Approximately 55 minutes

Procedures

Begin the discussion by quoting the end of Lincoln's Gettysburg Address: "...that government of the people, by the people, for the people, shall not perish from the earth." Ask them what they believe this statement, repudiating the slavery provision in the U.S. Constitution, means for Americans and for American democracy. Ask them if they believe this "new birth of freedom" that Lincoln defined in the address should apply only to the U.S. or if it should apply to the world at large. Get them to make a definitive statement as to what they believe should be the proper role of the U.S. with regard to safeguarding freedom, democracy and human rights in today's world.

Turn the discussion to the problems of the post-cold-war era. Ask them to list what they believe are the major international problems facing the world. Write their responses on the chalkboard and get them to agree on the most important ones listed. Ask them to give reasons why they believe these problems are the most important to the U.S. as well. Divide the participants into groups and assign each group a problem. Ask them to devise a solution that they believe the U.S. can successfully implement. Ask them to consider what the social, political and economic costs of such a solution might be. Give them about 15 minutes for this task.

Bring the groups together and ask each one for its "solution" to the problems listed on the chalkboard. Be sure to ask each group to indicate the costs and changes involved in implementing the solutions. After they all have finished, ask the entire group to speculate on the chances for success or failure in eliminating these problems.

Return the discussion to the issue of promoting democracy in the world. Ask them if there is a connection between dealing with these problems and promoting democracy, freedom and human rights in the world. Ask them what these connections might be and if it would be worthwhile to pursue democratic goals and approaches as a means to manage or eliminate the problems they have listed. Ask them how this could best be done and whether or not the U.S. has a special, global role to play as the world's most successful and continuously democratic state. Get them to describe how the U.S. is already promoting democracy in the world and ask them if it can do more.

Close the discussion by asking them what the effect would be if the U.S. discontinued its promotion of democracy. Ask them to give reasons why they believe that democracy would or would not survive in the world if it did.

GLOSSARY

- **authoritarian states.** See Glossary, Topic 6, authoritarianism.
- **contras.** The collective name for several counterrevolutionary groups opposed to the Sandinista government of Nicaragua in the 1980s. The contras operated in Nicaragua and along its borders. U.S. military aid for the contras ended in 1988.
- **Fulbright grants.** Named for former U.S. senator from Arkansas and chairman of the Foreign Relations Committee, the grants underwrite the exchange of students between the U.S. and over 100 other countries.
- **Leninism.** Based on the theories and practice of the Russian revolutionary Vladimir I. Lenin (1870-1924), who established socialism in the U.S.S.R. under the dictatorship of the Communist party.
- **Marxism.** Based on the theories of Karl Marx and Friedrich Engels, this economic philosophy calls for the rejection of capitalism and the creation of a centrally controlled economy.
- **McCarthy, Joseph (1908-57).** Republican senator from Wisconsin (1947-57) who used his office recklessly to accuse individuals of subversive activities and exploit the public's fear of communism. McCarthyism is commonly used as a synonym for witch-hunting.
- **Third World.** See Glossary, Topic 7.
- **totalitarian state.** A state in which the ruling party is the sole source of authority and the sole initiator of change. Commonly used to describe a Communist or Fascist state.
- **transnational corporations.** Corporations whose ownership or operations extend beyond the geographic boundaries of a single nation.
- **Voice of America.** Broadcasting service of the U.S. Information Agency, established in 1953. During the cold war, it broadcast from stations in various parts of the world to Communist countries. Since the collapse of communism in the former Soviet Union, its operations and funding have been cut.

Handout on the U.S. and the UN

The United States

1900-1921

- proclaims U.S. neutrality in war between major European powers
- President Wilson outlines Fourteen Points in "Peace Without Victory" speech including the establishment of an international organization (League of Nations) to prevent future war
- declares war on Germany following submarine attacks
- Senate refuses to ratify peace treaty; U.S. fails to join League of Nations

1921-1940

- proclaims the end of World War I by joint resolution of Congress
- signs treaties to limit military presence on high seas
- fails to join the World Court at the Hague
- signs treaty that "outlaws" war
- Neutrality Acts bar exportation of munitions to nations at war
- President Roosevelt declares U.S. neutrality

1941-1949

- issues the Atlantic Charter with Britain
- joins Allied war effort against Axis powers after Pearl Harbor attack
- joins the United Nations, created after World War II
- joins the World Bank and IMF
- states the principle of Soviet containment
- assists European recovery with U.S. Marshall Plan
- joins the North Atlantic Treaty Organization

1950-1989

- sends troops to oppose North Korean invasion of South Korea
- sponsors unsuccessful Cuban invasion at the Bay of Pigs
- sends combat troops and conducts bombing campaigns to oppose Communist insurgents in Vietnam
- engages in a massive military buildup to oppose Soviet expansion
- sends troops to Grenada and Lebanon
- sends troops to Panama

1990-

- Persian Gulf (Operation Desert Storm)
- Bosnia
- Somalia
- Rwanda
- Haiti

Handout on Nuclear Issues

Circle your group:

U.S.	**Britain** **China** **France**	**Belarus** **Kazakhstan** **Russia** **Ukraine**	**Iran** **Iraq** **Israel**	**India** **Pakistan**	**North Korea**

Aggressive Tendencies

Security Concerns

Nuclear Status

Possible Strategy for Nuclear Disarmament

Handout on the Middle East

Circle the group to which you have been assigned. Consider the issues below and develop solutions that will best serve your group's interest.

	Palestinian	Israeli
Issues		
1. Israeli security Hamas		
2. Increased Palestinian administration of West Bank		
3. East Jerusalem		
4. Jewish settlements in occupied territories		
5. Palestinian land claims Palestinian refugees		
6. Palestinian statehood		

Handout on Global Finance

Circle the group to which you have been assigned and profile your group using the following criteria:

	Advanced Nations	**Emerging Nations**	**Nations Converting from Communism to Free-Market Economy**	**Less-Developed (Poor) Nations**
Economic status				
Sources of capital				
Trade development				
Investment potential (rich, poor, mixed, industrial, pre-industrial, etc.)				

Handout on China

1. Name of group _____

_____

2. Group's major problems or concerns _____

_____

3. Group's political and economic goals _____

_____

4. Description of society the group desires _____

_____

5. Group strategy or solutions needed to achieve goals _____

_____

6. Allies of your group _____

_____

7. Enemies of your group _____

_____

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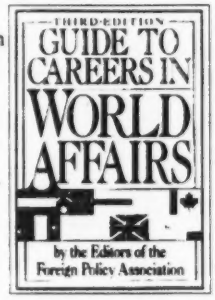

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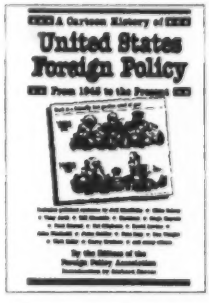

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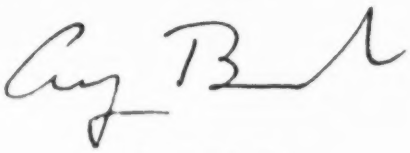

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Foreign Policy Association
729 Seventh Avenue
New York, New York 10019
(212) 764-4050 ■ Fax: (212) 302-6123 ■ (800) 628-5754

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